



**Baltic pollution** 

The Soviet army's dirty legacy





# FINANCIAL TIMES

### **Top Carter aide** named as White House counsel

President Bill Clinton reached into the upper echelons of the Washington establishment for assistance over the Whitewater affair by appointing Lloyd Cutler as his new White House legal counsel.

Mr Cutler, 76, served in the same capacity in the troubled last year of the Carter administration. He is believed to have insisted he be regarded as counsel to the office of the president, rather than as Mr Clinton's personal attorney. Page 14; Profile, Page 5

De Beers, the South African company which dominates the world diamond trade, is lifting its total 1993 dollar dividend by 7 per cent. The move confirms the stout turnround in the diamond husiness from the difficult conditions in 1992. Page 19; Commodities, Page 26

Job creation pleas The US government is calling for an international compromise on labour market reform to create jobs, with the US investing more in education and training and European countries reforming inflexible labour policies and wage-setting restrictions. Page 14

GM setback in Europe: General Motors' Opel-Vauxhall car and light commercial vehicle operations in Europe suffered a 56 per cent fall in net profits to \$600m in 1993. Page 15

Western fears mount over Baltic states The foreign ministers



of the three former Soviet Baltic states will meet today in Bonn along with German foreign minister Klaus Kinkel (left), amid growing concern in western capitals over Rnssian-Estonian relations as the deadline for the withdrawal of Russian troops from

the territory approaches. Mr Kinkel has called for Russia troops to be withdrawn from Estonia and Latvia on schedule, by August. Page 2

**BCCI:** The liquidators to the collapsed Bank of Credit and Commerce International provisionally approved a revised deal with the government of Abu Dhabi, the majority shareholder in the bank, which should pave the way for an increased payment to creditors. Page 14

US peace drive: US special envoy Charles Redman met President Slobodan Milosevic of Serbia as Washington, anxious to run ahead of pressure from its Nato aliles to send ground troops to Bosnia, is speeding up its search for a political settlement for former Yugosisvia. Page 2

Slanging match on China intensifies: China and the US toughened their war of words

on China's human rights record, souring the atmosphere for this week's visit to Beijing by US secretary of state Warren Christopher. Page 4

Ex-minister's office raided: Japanese prosecutors moved against a national politician for the first time in their year-long investigation into corruption in the construction industry and the political establishment when they raided the offices of former construction minister Kishiro

Train crash kills more than 60: At least 63 people were killed and 370 injured when a packed South African commuter train was derailed near Durban. Picture, Page 4

WPP, marketing services group, sald it is likely to float part of its market research busines this year, yielding up to \$200m, as part of an effort to reduce debt. Page 15; Lex, Page 14

Hopes fade over trade talks: US trade officials have begun to lose hope for any significant gains in the final drive to negotiate tariff cuts in the Uruguay Round beyond those agreed in December. The deal is set to be signed on April 15. Page 6

Hoechst and BASF, two of Europe's biggest chemicals concerns, announced reduced dividends and earnings for 1993. Page 15

Hilacked aircraft stormed: Troops stormed a hijacked Saudi airliner at Nairohi airport, and shot one of the Ethiopian hijackers.

Aztec Mining: The A\$287m (US\$206.5m) battle for the Sydney-based metals group came to an abrupt end when PosGold Investments, part of Robert Champion de Crespigny's Normandy Poseidon group, snapped up more than three-quarters of its shares in a stock market raid. Page 19; Death of a golden chance, Page 19

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FT-SE-A All-Share .......... 1648.2

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# Hopes rise for \$2bn rescue at **Euro Disney**

Rights issue planned with cut in bank interest charges

By Alice Rawsthorn in Paris

Euro Disney, the leisure group, and Walt Disney, its US parent company, are understood to have mapped out the basic framework for a FFr12bn (\$2bn) restructuring plan with Euro Disney's banks. They are optimistic that an outline rescue package can be agreed before the March 31 dead-

The main components of the deal are expected to be a FFr6bn rights issue and a FFr4bn reduction in Euro Disney's financial costs through a combination of the banks' reducing their interest charges on its deht and Disney's walving entitlement to fees and royalties. The remaining FFr2bn would come from a series of smaller measures such as asset

Euro Disney is owned 49 per cent by Disney of the US. The remaining 51 per cent is publicly

"There's still some way to go and all the details have yet to be ironed out", said a senior banker involved with the negotiations. "We'll probably see a few storms before the calm but, at the moment, it looks as though we could have an outline deal within a fortnight".

Once a preliminary deal has been agreed, it will take at least three months for the final package to be completed. Disney is committed to bankrolling Euro

deadline if the banks have agreed in principle to a deal.

A team of senior Disney executives, advised by Lazard Frères in New York, has moved to Paris and will stay until the deal has been agreed. It is holding regular negotiating sessions with the banks' steering committee, led by Banque Indosuez and Banque Nationale de Paris.

Both sides have agreed that a rights issue will form the core of the restructuring plan. Disney will take up its full entitlement of the issue, maintaining its stake, and some of the creditor banks may act as underwriters.

The two camps are still arguing, however, over the precise terms of the proposed reduction in Euro Disney's financial costs. At present, Disney is entitled to royalties on 10 per cent of Euro Disney's admissions and 5 per cent of food and souvenir sales. The banks are pressing it to waive the royalties or reduce them to a token level. Disney is arguing that its royalty entitle-ment should eventually be reintroduced if Euro Disney meets, or

beats, certain targets. Similarly, the banks are asking Disney to extend indefinitely its waiver of a management fee worth 3 per cent on Euro Disney's turnover. The US group again hopes eventually to reinstate the fee.

Once the fee and royalty issue has been settled, Disney will understood to be willing to cuts in their interest rates on a extend its support beyond that large part of Euro Disney's debt.

Firefighters damp down a petrol train that derailed and exploded in Zurich. The fuel entered sewers, setting fire to nearby houses

# German ban on UK beef 'would be illegal'

The Enropean Commission warned yesterday that Germany would be breaking European law i it banned imports of British beef because of fears of "mad cow" disease.

Commission officials said any move by Germany, which has threatened a ban because of its concern over bovine spongiform encephalopathy (BSE), would almost certainly be met by legal action from the Commission. This would probably mean an injunction in the European Court of Justice aimed at forcing the ban to be lifted.

Health ministry officials in Bonn said yesterday that Germany intended to seek a special session of EU health ministers later this month to discuss a ban. Bonn has yet to state clearly that it is still prepared to impose restrictions unilaterally if it fails to persuade its EU partners to impose a Union-wide ban. Health ministry officials said last week Germany was prepared to act unilaterally

In Brussels the Commission said: "There is only one body that can take a decision to restrict exports in Europe and that is the Community." It added that the Commission had repeatedly told the Germans there was no scientific evidence to link British beef with another spongi-form infection, Creutzfeldt-Jakob disease, which affects humans.

The warning came as German and British veterinary and health experts met in Brussels to try to resolve the dispute, inflamed by recent comments from Mr Horst Seehofer, German health minister, auggesting Ger-many would restrict heef imports if the UK did not introduce tighter measures.

implications for tha Commis-

Government spokesmen in Bonn and London said there were differences in the interpretation of scientific evidence. Mr Hartmnt Schlegel, at the German health ministry, said that this meant the Germans still wanted to press ahead with restrict-

Mr René Steichen, EU agricultural commissioner, has indicated to Bonn that any restrictions would be illegal. The issue has provoked irritation in Brussels, because of its

> sion's powers and the operation of the single European market. An EC official said Mr Steichen's attitude was "if the meat is safe enough for the UK consumer - and we are convinced it is - then it is safe enough for the German consumer too".

# Norway nears accord on terms for EU entry

By David Gardner in Brussels

Norway was close last night to agreeing entry terms to the Euro-pean Union, Joining Sweden, Fin-land and Austria, which con-cluded inembership negotiations

But the planned move from 12 to 16 member states by January 1995 was stalled because the UK and Spain - with lukewarm sup-port from Italy continued to refuse to countenance any dilution of their voting rights in an expended Union.

At a closed meeting of foreign ministers in Brussels, the nine other current EU members warned London and Madrid that the enlargement could not go ahead if they remained obdurate. The Creek presidency of the EU and the European Commission held bilateral meetings with the British and Spanish foreign ministers, who were urged to contact their prime ministers, senior EU

The UK and Spain insist on retaining the existing formula of 23 votes needed to prevent EU legislation - out of 76 votes dis-

diplomats said.

tributed among the 12 roughly according to their size. Their partners want to shift the "blocking minority" to 27 votes, to maintain the same percentage in a Europe of 16 sharing 90 votes. Mr Jacques Delors, Commis-

sion president, proposed a com-promise of moving to 27, plus a committee of representatives of EU heads of government to study vote distribution before the Union's constitutional review in 1996. The committee would be. mandated to consider British, Spanish, Italian, and German wishes to get a closer relation between national population and votes than now exists.

A senior British official said: "I can assure you there will be no settlement except on British

Mr Klaus Kinkel, foreign minister of Germany - which does worst in the new vote share-out it is advocating in order to get the four applicants into the Union - said "There is no sense in agreeing on 23 [votes] because this will be rejected by the [European] parliament."

Amid this test of negotiating

nerve, the EU and Norway looked close to squaring the other enlargement circle - Spanish insistence on recovering "historic rights" to 7,000 tonnes of Norwegian cod against Oslo's refusal to concede a single extra fish.

A Commission formula, which both Madrid and Oslo were prepared to consider, in effect recycles fish quotas Norway conceded when it joined the European Economic Area free trade zone, which started this year.

That allowed 7,250 tonnes of fish in-1994, rising to 11,000 tormes in 1997, for the EU's four poorest countries, nearly half of it earmarked for Spain.

Under the EEA, the Union also gets 2.9 per cent of the Norwegian waters cod quota - about 40,000 tonnes this year. Norway's much-vaunted fisheries management foresees rises in the quota, however, and therefore a higher tonnage for the Union. The Commission proposes that that increment should go to satisfy Spanish

Czechs delay EU application,

# Japan's steelmakers forecast \$1.1bn loss as recession bites

By Michiyo Nakamoto in Tokyo

Japan's five biggest steelmakers expect to make a combined pretax loss of Y114bn (\$1.1bn) for the year ending this month and, with the exception of Nippon Steel, will be passing their dividend.

The severity of Japan's prolonged economic downturn cou-pled with the impact of a high yen would result in the loss, even after sales of a substantial amount of securities holdings. the steel companies announced yesterday.

Sumitomo Metal Industries, the third largest integrated steelmaker, is forecasting the largest loss among the five of Y34bn in spite of sales of stocks amounting to Y16bn. It made a Y5.3bn profit

Nippon Steel, the world's larg-est steelmaker, is planning to sell a total of about Y66bn of securities holdings but nevertheless expects a loss of Y19hn, compared to profits of Y28.9bn in

For Japan's steel industry, this year's results will be some of the worst since the economy suffered from the severe impact of the yen's rapid rise in 1966.

"The trading environment has become extremely difficult," said Mr Shigeru Omori, executive vice president of Nippon Steel. The consensus is that the situation is even worse than the immediate aftermath of the 1985 Plaza Accord when the yen's value shot up against the dollar.

The steelmakers are accelerating restructuring plans with

JAPAN'S BIG FIVE STEEL GROUPS Forecast losses for 1993-94 (Ybn)

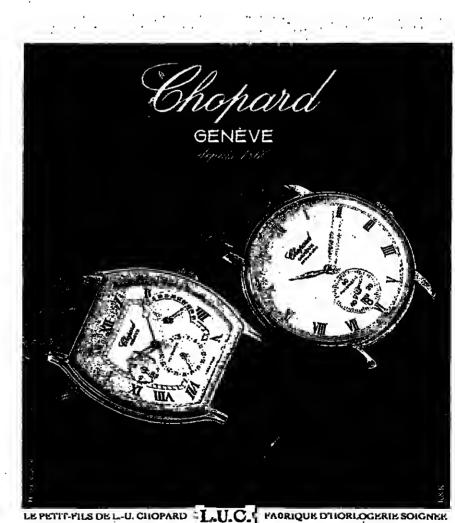
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Nippon Steel	19	
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Sumitomo	34	
Kawasaki	32	

many announcing increased cuts in employees, reduced capital expenditure and stringent reviews of operations. However, personnel reductions will generally be achieved through natural attrition and transfers to subsidiaries. Some diversification plans, which were begun as an attempt to reduce depandence on steel products, are being scaled back

or terminated. Sumitomo Metal, which is shedding 4,300 jobs over the next two years, plans to reduce general capital spending hy half to Y120hn although it will go shead with plans to invest Y90bn in advanced facilities at its Wakayama plant. Sumitomo also plans to reduce costs by 15 per cent, or Y150bn, by fiscal year

However, the decision to pass the dividend reflects the general gloom about the outlook for next year. The domestic situation is unlikely to recovery much and some steel groups expect a further deterioration in results.

Steel manufacturers suffer identity crisis, Page 4 Borrowing rate raised, Page 4



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صكدا من الاحياء

By Michael Lindemann in Bonn

Mr Volker Rühe, the German defence minister, yesterday warned against further cuts in defence spending following a report by the parliamentary omhudsman saying soldiers were demoralised and bewildered by equipment shortages and confusion about the role

of the German army.

Mr Alfred Biehle, the omhudsman who visited troops throughout Germany. said there was a "discrepancy between objectives set out for the armed forces and means available to meet them.

Soldiers on exercise were now shouting "bang, bang" to simulate the sound of rifle fire because hullets were too costly, the report said. Far-reaching cuts in defence spending have aggravated problems arising from the fusion of the Bundeswehr and the former East German

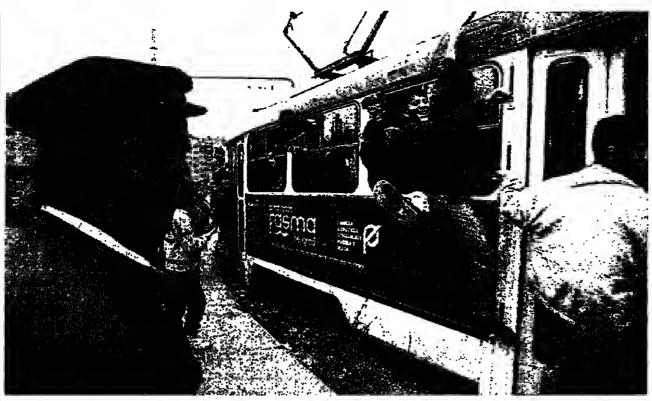
Volksarmee.
"The fact that budget commitments and structural decisions have been cancelled or changed in quick succession has shattered the credibility and leadership ability of the political and military com-manders." Mr Biehle wrote in

his annual report. Soldiers expect, with right, that politicians clearly tell the German population why it needs a Bundeswehr in the future and what sort of an extended objective it will

Falling morale in the armed forces has meant more people were refusing national service and the number of conscientions objectors in 1993 shot up to 111,190, op from 60,269 three years earlier.

The Bundeswehr Association, to which more than 250,000 soldiers helong, welcomed Mr Biehle's report, saying it highlighted longstanding "anxieties and problems in the armed forces".

The growing number of professional soldiers who had been retired to meet savings targets meant the Bundeswehr had almost reached its reduced target of 370,000 meu.



Trams ran in Sarajevo yesterday for the first time since war broke out nearly two years ago, travelling along the city's 'Sniper Alley

# US in Balkans peace drive

By Judy Dempsey

The US, anxious to run ahead of pressure from its Nato allies to send ground troops to Bosnia, is speeding up its search for a political settlement for the former Yugoslavia.

Mr Charles Redman, its special envoy, yesterday met President Slohodan Milosevic of Serbia in an effort to draw the Bosnian Serbs into last week's federation agreement between Bosnian Croats and Moslems. He later met President Franjo Tudjman of Croatia in Zagreh.

Tomorrow, Mr Cyrus Vance, the former United Nations peace mediator, will meet Mr Theodoros Pangalos, the Greek foreign minister, in Geneva to try to resolve Greece's dispute with neighbouring Macedonia.

Mr Redman's talks in Belgrade reflect Washington's belief that participation of the Bosnian Serbs is crucial for securing stability in Bosnia and for putting together a broader agreement.

"We need to engage the Bosnian Serbs in order to put something together that would represent an overall settle-ment," said Mr Redman,

Mr Charles Redman, 50, the US special envoy to the region appointed last August, and now the plyotal player in the peace process, spends his time commuting between Zagreb, Sarajevo, Serbia and Vienna, where Bosnian Croats and Moslems and Croatian officials are trying to put flesh on a preliminary federal plan for Bosnia, writes Judy Dempsey.

"When he first sat in on the Geneva talks, I think he was

overwhelmed by the complexity of the issues," a senior UN official said. "He listened. He learned. Washington could get its fingers hurnt just like the Europeans." Mr Redman is trying to avoid this by making sure no lines are crossed. He is on the phone constantly to Mr Vitaly Churkin, Russia's envoy to the former Yugoslavia, the German Foreign Ministry, and the UN. Redman wants to capitalise on the momentum for peace. If it comes, he'll have a hard time convincing Congress to send

ground troops to keep that peace," a US diplomat said. Sceptics believe Mr Redman, former ambassador to Sweden and state department spokesman, does not have enough political clout, but he leans on his contacts at the intelligence department of the US air force and at Nato, where he served in the 1970s and 1980s respectively.

territory they hold would be

"It would not be recognised

by the international commu-

nity and we would not sanc-

tion any union of Serbla with

eastern Bosnia," a senior UN negotiator sald.

Serbs to the negotiating table,

diplomats stressed that the Bosnian Croat/Moslem federa-

tion neither was aimed at iso-

In an effort to hring the

"placed in limbo".

UN and US diplomats yesterday said the issue for the Bosnian Serbs was the status they would have if they accepted the federal plan. The accord envisages a federation of Bosnian Croats and Moslems linked with Croatia through a confederal structure.

UN diplomats have warned Bosnian Serhs that if they reject the Washington agree-ment, then 70 per cent of the in eastern Bosnia. "The question is if the Serh

lating the Serbs, nor provided

an instrument to launch a

spring offensive against Serbs

leadership is prepared to con-cede, and if they judge this is the right time to negotiate. After all, Mr Milosevic wants sanctions lifted," a UN diplomat said. Any concessions by the Bosnian Serbs and Croatia would involve: • The Bosnian Serbs ceding

territory in eastern Bosnia, and agreeing to lift the sleges of the Moslem-held enclaves of Gorazde, Zepa, and Srebrenica. Mr Milosevic and Mr Tuidman agreeing on the sta-tus of Serb-held territories in Croatia. Nearly one third of the republic is covered by UN protected areas, which are de facto under Serb control.

 Croatia agreeing to grant extensive autonomy to Serbs in south-western and eastern Croatia in return for Zagreh regaining control over the republic. But it is far from certain if Mr Milosevic could, or wants to persuade the Serh leadership in Croatia to accept this proposal since the war has radicalised them.

# Balladur declares war on Franglais

A new law will lead the Gallic offensive against English and its bastard child, writes David Buchan

Prime Minister Edouard Balladur yesterday declared himself ready to do battle on behalf of French. Inaugurating a new term of office for the "Higher Council of the French Language", he told its 29 members that safeguarding French was "a politi-cal priority" of his

It is now quite clear that under Mr Balladur, a man whose love of subjunctives (used in expressions of hope or fear) perfectly expresses his nuancé style of government, France will soon have a new language law, along the lines of the draft already prepared by Mr Jacques Toubon, the culture minister.

Behind the government's Gallic counter-offensive, of course, lie both hope and fear. Its hope is to capitalise on its recent Gatt success in protecting France's system of sub-sidising and protecting its film industry, in a way that will prove politically popular in next year's presidential elec-tion. Mr Toubon happens to be the keenest supporter of Mr Jacques Chirac, Mr Balladur's rival for the Elysée.

The government's fear is that if it does not act soon to stem the rising tide of English or its bastard child, Franglais, it will be too late. The storm clouds are gathering from the north, with the imminent arrival of English-prone Scandinavians into the European Union threatening to tilt the linguistic balance in Brussels decisively in favour of Shakespeare's tongue and against that of Racine.

Mr Toubon's aides are quick to point out that their new bill is not like Quebec's controversial language law which ban-ned the public use of any other language hut French. Rather, they say, it is designed to ensure that French citizens, employees, and consumers get their information in French, though it may be accompanied

hy a foreign translation. The hill is aimed at beefing up the provisions of a 1975 lan-

bon's aides, partly because the penalties of FF7300 (£34) to FFr600 for breaking it are now only the equivalent of a Paris parking fine. Since 1975, some 100-200 individuals and companies a year have been fined, mainly for labelling products or advertising jobs in a language other than French. In addition to sharply raising the

Gallicisms struggle to enter popular usage; certainly the sports ministry's prescription of a 'corner kick' in football as a 'coup de pied du coin' has

not caught on

level of fines, the new bill would enable associations de défence de la langue française to take those who infringe the law directly to court.

Mr Toubon's ministry has two particular targets in its sights. One is what it believes. apparently from employees' letters of complaints, is the growing tendency of French companies to issue instructions to their French staff in France in other languages. An unscientific check with some of France's biggest companies, such as the Alcatel group which does less than 30 per cent of its business inside France, is that some respond in English, either to boost their international image or to make their frequent foreign clients

feel more at home. But issuing internal instructions in English to French staff - says Air Liquide, the industrial gas group, which is suspected by Mr Toubon's ministry of doing just that - would be mad "because it makes good sense to communicate in a language that is understood.

The second and more sub-stantive target of the Toubon

guage law, which has been widely flouted, say Mr Tou-would benceforth have to provide translation into French. This may pose problems for the French scientific commu-nity which increasingly works in English, the international lingua franca of exact science.

France's Academy of Science came out formally in January against any attempt to legis

But Mr Michel Crozon, a physicist who also serves as director of conununications for the CNRS, the body which funnels state money into French science, says real damage to French scientists' ability to communicate with their brethren abroad would only occur if the former were forced to pub-

lish in French.
Paris's finmous medical research body, the Institut Pasteur, caused a domestic rumpus in 1939 by switching the titles of its publications into English, in recognition of the fact that less than 10 per cent of the manuscripts it was receiving from abroad were in

But it now also publishes a purely French journal as well as "encouraging" Anglophone authors to provide French precis of their articles - as indeed does the Academy of Scienceas a matter of course in its publi-

cations. Imposing French, of course, begs the question of what is French. That is a matter for the Academie Française, set up in 1635 to guard the language, and, more recently for "terminology committees" set up by each ministry. Both are having a struggle to keep up with the advance of other languages.

chiefly English. The Academie Française has reached the letter "F" in revising its dictionary, while the ministerial committees invent 200-300 new approved Gallicisms each year.

But the new terms have an equal struggle entering popular usage; certainly the sports ministry's prescription of a "corner" kick in football as a coup de pied du coin has not.

# GLOBAL FUND MANAGEMENT Which Way are the Markets Moving? THE EXPERTS DEBATE THE TRENDS AT THE DOLDER GRAND HOTEL

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# West to push Moscow on withdrawal of ex-Soviet troops

# Bonn talks on Baltic tension

By John Lloyd in Moscow

The foreign ministers of the three former Soviet Baltic states will meet today in Bonn with Mr Klaus Kinkel, the German foreign minister, amid growing concern in western capitals over Russian-Estonian relations as the deadline for the withdrawal of Russian troops from the territory

Mr Kinkel has called for Russia troops to he withdrawn from Estonia and Latvia oo schedule, by August of this

The German minister said that the Russian side must not link the retention of the military units to the provision of civil or voting rights of the Russian population, as it has earlier threatened to do.

Similar calls have come in the past few days from the US and Britain. A US state department spokesman said over the weekend that the US government was "disturbed" by Russian negotiators raising again issues already agreed in previous talks with Estonian offi-

The issue of troop withdrawals from the Baltics will he part of talks planned between Russian foreign minister And-rel Kozyrev and Mr Warren Christopher, the US secretary of state, in Vladivostok next

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Russia and the International Monetary Fund resume crucial loan negotiations in Moscow today with both their reputations on the line, Renter reports from Washington. Moscow wants IMF endorsement of its credentials as a pro-reform government, while the Fund is seeking to justify its position as lead manager in helping Russia remake its economy in the capitalist mould.

Reaching agreement will not be easy. International monetary sources rate the chances of the two sides striking a deal on an economic reform programme that the IMF could back with a \$1.5bn loan as no better than 50-50. Moscow's commitment to reform has been questioned following the departure of key reformers from the government in January, and the IMF has found itself criticised by the US and others for not doing enough to encourage Russian reforms. The DIF has already lent Russia \$2.5hn, but has held back further credits because of doubts about Moscow's willingness to press ahead with economic reforms.

ment said that "according to the final act of the Conference of Security and Co-operation in Europe meeting in Helsinki in 1992, Russia must withdraw its troops from Estonia quickly and in an orderly manner, completely, and must not tie withdrawal to other issues". The UK statement continued:

A British government state-

"The international community has repeatedly underscored that the withdrawal must take place without any other conditions. Therefore, the Russian troops must be pulled out hy August 31 this year, as

Mr Vitaly Churkin, the Russian deputy foreign minister in charge of negotiations with the

formed Chamber of Public Affairs, a presidential advisory body, that Russia did not link the rights of Russians to troop withdrawals.

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However, he said that economic and other agreements with Latvia and Lithuania would be affected by a contin-

ued denial of rights. According to the Baltfax news agency, Mr Churkin promised that "a civilised and respectful attitude" towards Russian language speakers would meet with "understanding and a response" from Rus-

However, other speakers at the chamber denounced the treatment of Russians and demanded redres

Mr Mikhail Zadornov, a well-known actor, said that Russians were being denied access to education and medical care and were being sacked from jobs.

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# German economy forecast to grow by 1.5% this year

Germany's economy will grow by 1.5 per cent in 1994, according to a report published today by one of Germany's five key economic institutes. It said strong demand for exports and further investment would help lift the economy out of its worst post-war recession, even though domestic orders might confirme to slide. Low wage deals should improve the prospects for economic growth, with lower interest rates helping to counteract their effect on consumer demand. Unemployment was likely to remain constant in 1994 and 1995, falling only in 1996, but a significant fall in the numbers on short-time working was expected before then, the report said. Mr Gunter Rexrodt, economics minister, said in January that the economy would grow by between 1.0 and 1.5 per cent this year, but DIW, another think-tank, said the economy would shrink by 0.5 per cent. *Michael Lindemann, Bonn.* Unemployment rises, see Economic Watch below.

#### ILO warms to job agencies

The International Labour Organisation is set to abandon its long-standing opposition to private employment agencies following publication of a report recommending reform of ILO Convention 96. After pressure from the European Commission, several European countries, in particular Germany and Spain, are abandoning their tight controls on private agencies. However Italy and Greece continue to ban them completely. It may be several years before the ILO formally abandons Convention 96 — which, in 1949, recommended abolition of fee-charging employment agen cies. But the report, written by Mr Sergio Ricca, and endorsed by the ILO secretariat, is a significant step towards phasing out the convention. Traditionally, opposition to private agencies is based on hostility to the idea of private companies making money out of unemployment and on the fear that state agencies will be left with hard-to-place workers. David Goodhart, London.

### Hungary targets secret agents



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The Hungarian parliament yesterday voted to force secret police agents and informers to retire from public life, with the threat of exposure if they do not. campaign by the right-wing government, designed to focus atten-tion on the Socialists' past wrongdoings, ahead of elections on May 8. Mr Gyula Horn (left) the Socialist leader, has a commanding personal lead over Prime Minister Peter Boross in the opinion polls. However, Mr Horn served in the workers' miltia that helped Soviet troops put down the 1956 uprising against communist rule. The new legisla-

tion targets members of this organisation as well as the secret police. The government has also begun arresting people accused of war crimes during the uprising and is to vet newspaper editors, believing the media to be "dominated" by former communists. Nicholas Denton, Budapest.

#### Information technology suffers

Europe's information technology industry suffered its worst year in 1993, and has only limited prospects for growth next year, according to a report from the European Information Technology Observatory; the commission's co-ordinating group for IT. Growth in the European IT market was 2 per cent in 1993, down from annual growth of 15 per cent five years ago. EITO said faster deregulation and a harmonisation of standards were essential to allow European groups to compete on equal terms with US companies. The US market grew by 7 per cent last year and now accounts for 37 per cent of the world market. Japan accounts for 16 per cent, compared with the EU a 29 per cent. However, with new markets opening up in eastern Europe and in technolog fields straddling telecommunications and IT, KITO predicted that the Ecu262bn (£198bn) European IT market could grow by around

#### Dutch drop mobile phone tax

The Dutch government has dropped controversial plans to tax the profits of companies operating mobile phone networks. It is instead considering charging mobile phone operators for the use of radio frequencies. Koninkiijke PTT Nederland, the state-owned telecoms operator, plans to launch a European GSM standard mobile communications network in July, and a second operator will be chosen by tender in late 1994. Mrs Hanja Mail-Weggen, public works minister, said consortia bidding for licences would be informed that Dutch policies on radio frequencies were under review and subject to change. However, legislation on the use of frequencies is not expected in time for the opening of bidding in the autumn, because of general elections on May 3. Several international consortia, grouped around the three main Dutch banks, ABN Amro, ING and Rabobank, are expected to compete for the second operator's licence. Ronald van de Krol, Amsterdam.

### Czechs delay EU application

President Vaclay Havel said yesterday the Czech Republic would delay its application to join the European Union, foregoing a joint approach with Poland and Hungary. The Czech Republic wanted to join the EU as soon as possible, he said, but needed more time. Meanwhile, Mr Andrzej Olechowski, the Polish foreign minister, said it was not realistic for Poland to become a full EU member. said if was particular to the costs of extending the CAP and regional aid to Poland's huge agriculture sector, but it was vital for Poles to feel included in areas where the EU was building new institutions, such as common foreign policy. Lionel Barber, Strusbourg.

#### **ECONOMIC WATCH**

### German unemployment rises



German unemployment rose slightly in February to a new post-war record of 4.04m, from the previous record of 4.08m in January. The pan-German unemployment rate was 10.5 per cent of the workforce, In western Germany the rate rose to 8.9 per cent in February, from 8.5 per cent in January, while the eastern German rate rose to 17.1 per cent, from 17.0 per cent in January. The increase in western Germany was below analysts' expectations and represented a slowing in the rate of increase. Unusually poor weather in the second half of February may also have contributed to the rise.

However, revised figures for Germany's fourth-quarter gross domestic product showed a fall of 0.5 per cent from the previous quarter and a drop of 0.9 per cent from a year earlier. • Seasonally adjusted unemployment rate in the European Union was 10.9 per cent in January, up from a revised 10.8 per cent in December and 10.0 per cent in January 1993. Among the under-25s, EU unemployment reached 21.1 per cent in January,

up from 19.3 per cent in January 1993. • Italy's private isco economic research body forecast Italian GDP growth of between 1.2 and 1.3 per cent in 1994. The government target is 1.6 per cent, but Italy's chief accountant said the

Isco forecast was realistic. • Swiss car imports rose by 16.3 per cent in February 1994 to 21,521 cars, from 18,512 in February 1993. Total car imports for the first two months of 1994 came to 42,179, up 9.5 per cent from 38,631 in the same period of 1993.

# From rich city to Germany's poor-house

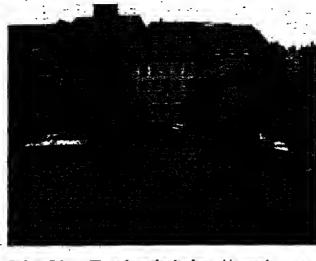
David Waller visits Schweinfurt, symbol of a loss of manufacturing industry's competitive edge

ithin two years the city of Schweinfurt in northern Bavaria has gone from being one of western Germany's most pros-perous cities to one of its poorest. From having a surplus of jobs, it now has 17 per cent unemployment, the highest in Bavaria and far above the 8.8 per cent for western Germany

"Germany's poor-house" and "city of Angst" are just two of the labels which have stuck to the small city of 53,000 inhabitants since its troubles attracted the attention of the national media. Schweinfurt, close to the border with the former East Germany, has become a symbol of what can happen when western Germany's manufacturing industry loses its competitive edge. "The crisis in this city is worse than elsewhere in Ger-many," comments Mr Erwin Saal, head of the works com-

cil at FAG Kugelfischer, the big ball-bearings manufacturer which has been the mainstay of employment in the city for more than a century. But at the same time it is symptomatic of the hangover German industry has brought noon itself after more than 10 years of unbroken growth. "In that time wages rose rap-

idly and the working week



Gudran Grieser. The rade awakening has yet to come' ser bear

became the shortest in the world. As a result we have structural problems overlayed with deep recession - and nowhere in Germany is that more obvious than in Schwein-

The city's past prosperity, and its current problems, are a result of the local economy'e dependence on three big employers: Kngelfischer and SKF, two ball-bearings glants, and Fichtel & Sachs, the manufacturer of clutches, shock-absorbers and other vehicle com-

noments and which is part of the Mannesmann engineering

conglomerate. In the years since the Second World War the three acted as a magnet for employment throughout the Franconia region of northern Bavaria. The city's tax revenues, drawn from the big three's profits, were the largest in the prosper-ous state of Bavaria after Munich and Ingolstadt.

But more recently the big three have suffered - in espe-cially acute form - the combi-



nation of high wage costs and the intensified competition from foreign manufacturers that has hit German industry

While the city's tax revenues have vanished, the companies' response to plunging orderbooks has been a wave of jobcuts on a scale never before seen in Schweinfurt. In the past two years about 7,000 people have lost their jobs. The lay-offs at Kugelfischer

have been aspecially traumatic. Since it came to the brink of collapse in January last year, the family-controlled company has reduced its total employees from 31,000 to 15,700 and sold off 13 subsidiaries, in Schweinfurt the group cut its 8.172 at the end of 1992 to 4,671 at the beginning of February

this year.
"Nowhere in Germany has a company gone through so radical a restructuring," says chief executive Mr Peter Jürgen Kreher. (The plane for the rationalisation were drawn up by Mr Kajo Neukirchen, more recently called in to sort out Metaligesellschaft, the deeply troubled Frankfurt conglomerate.) Kugelfischer's role as a provider of life-time employment from one generation of Schweinfurters to the next was mashed overnight.

"If someone had said two years ago that Kugelfischer would suffer this kind of fate, you would have been laughed out of court," reflects Mr Ernst Lang, head of the work's council at the Swedish-owned SKF, where the workforce has shrunk by nearly a quarter to 4,460 in the past two years. "I still don't think people here in Schweinfurt realise how serinos it is. They are hopeful that something will turn up."

Many of those laid off were sent into early retirement and even those who were made redundant received generous pay-offs - in some cases as much as DM150,000 (£58,365). Mr Lang believes that many in Schweinfurt are suffering from real poverty - will emerge in a few years when the pay-outs have been exhausted.

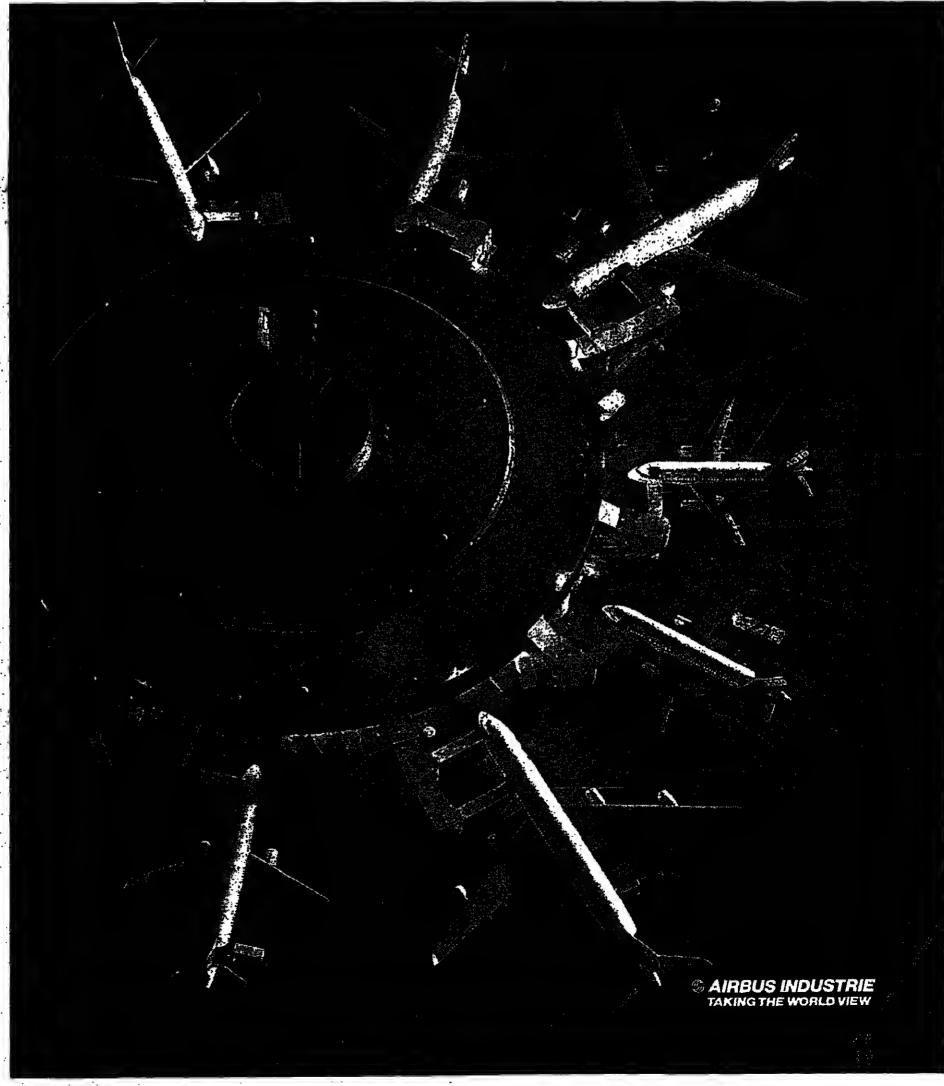
The rude awakening has yet to come," agrees Mrs Gudrun Grieser, a former English teacher who has been the city's mayor since 1992. "I have no illusions: the jobs we have lost by the thousand will only be replaced by the dozen."

She warns about painting the picture too black, praising the skills of the city's well trained workers and explaining how she has persuaded Bavaria's state government to com mit DM100m to promote small business in the Schweinfurt region. "But the money can't be used - there just aren't enough worthwhile projects to

invest in," she says.
The problem for Schweinfurt is that the incentives it can offer to draw new businesses into the region are nowhere near as generous as those on offer in the former East Germany, just 30 miles away. "After reunification the Ossis [east Germans] used to drive over here in their Trabants looking for jobs," muses Mr Fritz Glombowski, deputy head of SKF's works' council. "Soon it'll be the other way round and we'll be commuting to

### If you think Airbus Industrie makes only one aircraft, maybe this will change your view.

Airbus Industrie has achieved a 30% share of the international civil aviation market because its long-term business strategy, based on a clear vision of the world's air transport needs, has created not just one aircraft but a family of seven: including the world's largest twin-aisle twin and the longest range jetliner in aviation history. Sales of all seven members of the Airbus family now total nearly 2000 aircraft worldwide.





# **Prosecutors** raid Japan MP's office

against a national politician resterday for the first time in their year-long investigation into widespread corruption involving the construction industry and the political establishment, Renter reports

The Tokyo District Prosecutor's Office raided the offices of Mr Kishiro Nakamura, former construction minister, whom they allege may have taken cash in exchange for quashing an anti-trust investigation into bid rigging among big builders.

Prosecutors set in motion a rarely-invoked constitutional procedure for stripping a lawarrest. It would be the first time in 27 years that a Japanese lawmaker was subject to such humiliation.

But Mr Nakamura, from the conservative opposition Liberal Democratic party (LDP), said he was willing to be arrested and fight the charges. Earlier be had rejected repeated requests to show up at tha prosecutor's office for volun-

tary questioning But yesterday be issued a statement through his lawyers, saying he was ready for e court battle. "I dared to opt for being arrested. I am determined to reveal the truth of the matter

in court," he said. "As for my arrest, I want the prosecutors to designate the time and date. I strongly hope

entrance of the Diet [parlia-ment] building."

Since the inquiry started in March last year, more than 30 executives of Japan's six big-gest building companies have been arrested along with four local government leaders.

So far, no national politician has been arrested. Lawmakers cannot be arrested while parliament is in session. Normally anyone who comes under scandal allegations submits to vol-untary questioning to avoid public exposure.

Justica Minister Akira Mika-zuki described Mr Nakamura's case as "historic" and voiced his full support for the prosecutors. "This is a historic scandal. I believe it will turn the history of Japanese politics," Mr Mikazuki said. The LDP ruled Japan for 38 years but lost its majority in general elections last year, ceding power to a coalition headed by

remier Morihiro Hosokawa. "This is a very serious mat-ter for our party," the LDP parliamentary business manager Mr Sadatoshi Ozato said.

The LDP has launched a campaign against Mr Hosokawa, attacking him for bungling the economy, botching a US-Japan trade summit meeting and failing to settle divi-sions within his coalition. Mr Nakamura's status in the oncedominant party might explain why prosecutors singled him out first among 12 national pol-iticians said to be on their list.

# Steel manufacturers suffer an identity crisis

# Michiyo Nakamoto reports on an industry embarrassed at having to omit dividends

or Japan's steel compa-nies, which pride them-selves on being the pillar of the country's industrial might, being forced to pass their dividend is an embarrassment they have not had to suf-

World War. "We must grit our teeth and do our best," Mr Matao Kojima, executive vice president of Sumitomo Metal Industries said yeaterday after an announcement by the five big steelmakers that they all expected to incur losses in the year to the end of this month. The steel industry has found

itsalf in these dire circumstances just four years after production levels reached a peak of 110m tonnes. At the time, the strength of demand from Japan's surging domestic economy was enough to halt fundamental restructuring pro-grammes the industry had embarked on to cut overcapacity and prepare for leaner

With those reforms left incomplete, the industry has suffered a crippling shmp in demand from its big customers

nese steel makers have faced of anti-dumping action by the American industry. Even before the US authorities made any official decision, fears of anti-dumping action had led to uncertainty about supplies. Baring Securities estimates exports to the US over the year

1985 87 89 91

electronics and construction industries as Japan's economy has continued its relentless The weakness of consumer

demand and the yen's sharp rise took their toll on the tries which in turn depressed demand for the steelmakers' products, Meanwhile, in the construction sector, private activity, with the general exception of private housing,

On the export front, Jspa-

will be down about 25 per cent. Even a relatively bright spot - the surge in exports to Chi-na - will not have the uplifting impact on earnings that might have been hoped for. While exports to China will he up about 100 per cent from a year ago, when Japanese exports to that country had reached a record high, these have been low value added products which served not so much to raise profits as to keep the facilities of Japanese mills on

Perhaps the most telling illustration of the severity of the steel makers business slump is the securities sales they are being forced to make to minimise their losses. The companies are having to turn their backs on their traditional

ings, with financial institutions and business customers and to sell at a time when share prices are low. Nippon Steel will sell about Y66bn (£420m) worth of securities holdings and Kobe Steel some

To cope, the companies are reviewing ambitious diversification moves - into areas ranging from semlconductor production to liquor importing and flying instruction. Nippon Steel has pulled out of lossmaking notebook computer sales while Kawasaki Steel is in negotiations to sell its silicon wafer production venture. More changes in non-core business plans are expected to fol-

osts are being attacked widely through significant cuts in jobs, capital expenditure and distribution. Kobe Steel intends to cut its labour force by about 3,800 while Kawasaki Steel will reduce 30 per cent of its man-

While in large part, job reductions will be achieved through natural attrition and

are no sacred territories in our bid to reduce costs", Sumitomo's Mr Kojima said yester-

Japan's steel companies have yet to address the structural problem of overcapacity which is at the root of their difficulties and is likely to maintain pressure on profits. While the Japanese steel industry has capacity of about 110m tonnes, even the steel companies themselves admit that demand for their products is likely to range between 90m and 95m

"It's always the most terrifying, the most expensive thing that is left to the very end, says Mr Stephen Wolfe, steel analyst at Baring Securities. The Japanese steel companies have concentrated their efforts on cutting people, or raising production efficiencies, but that does not address the fun-damental problem of collapsing prices, Mr Wolfe notes. For that, it is necessary to reduce capacity "and to make sure people are scrambling for steel."

While any moves to cut capacity were virtually ruled

industry leader, has historically set a model for the others. Mr Wolfe is not counting out the possibility that the four other companies may be considering such a move. Their decision to pass their dividend in spite of Nippon Steel's determination to pay one may be an indication that the mighty Nippon Steel is losing its leader-

f that is the case, and Japanese steel makers are preparing to map out a more independent course, each for their own survival, the industry could emerge from its pres ent predicament in much bet

ter shape.
While they face growing competition from South Korean and other low cost producers at the lower end of the market, their ability to produce high quality products, such as cold-rolled steel sheet used in the car industry, remains

"Tha future of steel as a product is not over," says Mr Kojima. "In terms of technology Japan outdoes the rest. As long as we are competitive we

# Bank puts up cost of long-term corporate borrowing

By Emiko Terazono and

The cost of long-term funds for Jepan's hard-pressed corporate borrowers is to rise, despite the central bank's policy of keeping official interest rates at a record low.

The Industrial Bank of Japan, the eading long-term credit hank, yesterday announced it will raise its long-term lending rate to its most credit-worthy corporate clients by 0.6 percentage points to 4.4 per cent from tomorrow, the second increase in two

Other commercial banks are expected to follow suit and raise interest rates on long-term loans next month. 1BJ's long-term prime rate is regarded as a benchmark for the industry. Its 0.3 percentage point rise to 3.8 per cent in February ended an eight-month decline in long-term rates, arousing concern at the Bank of Japan. The ceotral bank is under

increasing pressure to cut its 1.75 per cent official discount rate to stimn-

late flagging demand. Yesterday's move will intensify fears that the Japanese economy's capacity to recover might become hampered by a lending squeeze. Even before the latest rise, companies told an IBJ survey that they planned to cut capital investment this year for tbird year rnnning, the longest decline since the second world war.

in the long-term bond yields, due to e fall in prices caused by an oversupply in the Japanese government bond market and the rise in US interest rates. Jepan's bond market has faced a bage sell off recently, as investors locked in profits ahead of the March

The turmoil on global bond markets and fears of an increase in bond supply to finance the economic package and tax cuts announced last

The Bank of Japan bas become increasingly worried that the rise in corporate lending rates will hart corporate carnings, hampering economic recovery.

To ease the downturn in the goveroment bond market, it has led short-term money market rates lower over the past few weeks and the yield spread between the discount rate and the overnight call rate is currently at a historical low.

# Israelis in court over share scandal

Three Israeli bank officials appeared in a Tel Aviv magistrates' court yesterday in con-nection with a share and bond the Tel Aviv Stock Exchange.

They are the latest in a line of brokers and fund managers to be interrogated since a big investigation of alleged insider trading and share manipula-tion was revealed last month by the Israel Securities Authority. Many more are said to be under investigation.

The unfolding of what is potentially the biggest share manipulation scandal since the 1983 bank shares collapse has sent jitters ecross the stock market, which has plummeted

The worst affected stocks have been the smaller capitalised companies quoted on tha Karam index, which are more easily subject to manipulation. Since the middle of January the Karam index - which had a powerful bull run last year - has plunged about 27 per cent while the Mishtanim two sided index of the 100 heavily cepitalised companies has

fallen about 12.5 per cent. Mr David Rosenberg, a market analyst at Pacific Mediterterday that in the short-term the investigation was having a marked downward effect on

However, he said the investi-gation would have a long-term benefit because "it improves the credibility of the market. The key thing in any securities market is that traders feel they are operating on a laval playing field. Enforcement by the Securities Authority will be especially good for foreign

 Israeli police said yester-day they had arrested four out of five leaders of anti-Arab groups wanted in a govarnment crackdown on Jewish militants since the Hebron massacre, Reuter edds from

See World Stock Markets

# **Protests hit** S African black 'homeland'

By Pattl Waldmeir in Johannesburg

Riot police fired live ammunition on demonstrators in the nominally independent hlack "homeland" of Bophuthatswana yesterday as strikes and anti-government protests swept the capital, increasing political pressure on

President Lucas Mangope. In the capital, Mmbatho and its twin town of Malikeng, security forces for a second day fired tear gas and rubber bullets to disperse demonstrators. Ear-Her in the day, rlot police stormed the broadcasting centre after the Bophuthatswana Broadcasting Corporation's chairman - Eddie Mangope, son of the president - was locked in the building by striking workers.

The occupation of broadcasting centre and demonstrations were part of a growing series of protests against Mr Mangope, who is resisting South Africa's transition to hlack majority rule and has refused to register for next month's all-race elections.

The protests began with a civil servants' strike, sparked by demands that their pensions be paid out before the April elections, after which Bophuthatswana will cease to exist as it will be reincorporated into South Africa. Civil servants feared the homeland would use their pension fund to pay government expenses if financial transfers from Pretoria - which account for about one-third of Bophnthatswana's hudget - were cut to put pressure on Mr Mangope to take part in elections. The Transitional Executive Council, the multi-party body which oversees South Africa's transition to democracy,

funds to Bophnthatswana, though this has not yet been tested. Since then, the strike has widened into generalised demonstrations against Mr Mangope, encouraged by the African National Congress which wants him to accept the elections, having failed to negotiate the regional powers which Bophuthatswana and other right wing groups wanted in

believes it has the power to cut off

exchange for poll participation.

Mr Mangope has so far refused to
allow campaigning in the homeland.

ANC President Nelson Mandela said it was only a matter of time before action was taken against him. The ANC has urged President F.W. de Klerk's government to halt all financial aid and supplies to Bophnthatswana to force it to participate in the elections.



A train lies alongside the tracks after leaving the rails in a heavily wooded valley near Durban yesterday. At least 63 mainly black commuters were killed and 370 injured when the train, crowded with about 850 passengers, crashed on a bend.

# Nigeria currency allocation cut

By Paul Adams in Lagos

Nigeria's acute foreign exchange shortage forced the country's central bank yesterday to cut its weekly allocation of hard currency, prompting fears that the government's foreign exchange policy will lead to declining production, The Central Bank of

Nigeria's second allocation this year of foreign exchange to industry fell from \$200m (£111m) a fortnight ago to

Foreign exchange has been in short supply since December 1992; some manufacturers say stocks of raw materials and spare parts have been declining and replacement or new plant is overdue. The 10-week gap between the last allocation in 1993 and the first in 1994 worsened the problem. Bankers say the expected average of \$50m a week will remain well below demand

Bnlk orders of spare parts or raw materials can e scaled down in proportion, but this is little use when importing costly capital goods. Importers can no longer make up the difference with export proceeds sold at market rates. Prospective foreign investors have been deterred by the new policy, which has ruled out agreement with offi-

cinl external creditors. "This is a very serious situation," a leading manufacturer warned yesterday. "We have had e disruption of almost three months, then e new system which is not working well enough. No reasonable stock cover can cope with continuing under supply of foreign already thinking of scaling down production by April."

In the first budget presented by Gen Sani Abacha, Nigeria's military leader, the government in January set out to ensure an adequate supply of currency to industry and control inflation.

Like last year's currency auctions, the allocation is pro rain according to demand which encourages inflated applications. The 1994 budget pegged the exchange rate at N22 to the dollar, more than double the value of the black market naira, banned the open foreign exchange market and cut interest rates to 21 per cent, less than a quarter of the

estimated inflation rate. Some manufacturers say the CBN is making the best of a difficult situation. It has fought off pressure for ministers or civil servants allocating all forex direct to each end-user. This would have taken Nigeria back to the days of export licensing in the 1980s.

**NEWS IN BRIEF** 

# Hussein hopes to meet Fahd

King Hussein of Jordan led e delegation to Saudi Archia yesterday, on his first visit to the kingdom since relations deteriorated because of the 1930-1991 Gulf crisis, James Whittington writes from Amman.

Jordan's media reported the king had left for Saudi Arabia to perform the Ummra, e minor Moslem pilgrimage. But officials acknowledged he was seeking a meeting with King Fahd. One western diplomat in Amman described the trip as "significant". It demonstrated Jordan's desire to achieve e rapprochement with the Saudis, still bitter over King Hussein's refusal to back the US-led effort to force Iraq out of Kuwait in early 1991.

# Kazakhstan poll condemned

An official European observer team yesterday condemned Monday's parliamentary elections in ex-Soviet Kazakhstan, saying the system of preventing ebuses was flawed and government sponaored candidates enjoyed a built-in advantage, Steve LeVine reports from Alma Ata.

The team, representing the Council for Security and Co-opera tion in Europe, stopped short of calling the elections rigged. But it said election procedures allowed such ahuses as ballot-box stuffing, and that the pre-election campaign handicapped inde-

pendent candidates. The election was to fill a new 177-member parliament that will replace a larger legislative body dissolved in December.

# Angola presents budget

The Angolan government yesterday presented a \$1.7bn (£944m) budget heavy on defence spending but seen as a step towards economic reform, Reuter reports from Luanda.

The 1994 economic plan presented to parliament by the Luanda government, fighting renewed civil war with Unita rebels, sets an annual inflation target of 260 per cent by December, down from the 1,840 per cent registered this previous December 1993. The plan envisages 2.5 per cent GDP growth in 1994,

# Christopher attacks China over human rights

By Tony Walker in Beiling

Chine and the US yesterday toughened their war of words on China's human rights record, souring the atmosphere for this week's visit to Beijing by Mr Warren Christopher, US

secretary of state. Mr Christopher, using his harshest language so far about China, expressed "strong distaste" over Bei-jing's recent harassment of dissidents and said the security sweep would have a "negative effect" on his visit and on the US review of China's favourable trade status China lashed back at criticism from

President Bill Clinton and earlier remarks or interfere". remarks by Mr Christonher about the arrests of three dissidents and the overnight interrogations of at least 12 more, calling the US complaints "irresponsible". Beijing police, only hours later, showed they were not deterred by US criticism by taking away Mr Wang Dan, a student leader of the 1989 Tiananmen protests, for ques-

tioning. He was later released. Asked to comment on Mr Clinton's criticism of the recent detention of leading dissidents, s Chinese Foreign Ministry official said: "No foreign country, organisation or individual has the right to make irresponsible

Mr Clinton said last week after China's leading dissident, Mr Wei Jingsheng, was detained that "we strongly disapprove of what was done and it is obviously not belpful to our relations". Mr Christopher, who is visiting Australia, has said that human rights issues will top the agenda of his talks in Beijing with China's Foreign Minister Qian Qichen.

China last week provoked an international outcry when it began rounding up dissidents including Mr Wei who served more than 14 years in jail for his role in the "democracy wall" protests of the late 1970s.

Mr Christopher's visit to China comes at e delicate moment in Sino-US relations; a decision is pending on renewal of China's Most Favoured Nstion (MFN) status in the US market. Mr Clinton has demanded "prog-ress" on buman rights before agreeing to renew MFN. A decision is due by June on the lower tariff regime for an estimated 96 per cent of Chinese products entering the US.

China has repeatedly denounced attempts to link trade and human rights, and this is certain to be Beljing's prevailing message this week-end. "Human rights and MFN are completely separate issues. We strongly oppose linking them," Mr Qian said recently. The anthorities seem to fear that dissidents will use the National People's Congress or Mr Christopher's visit to bring their cause to interna-

tional notice by circulating petitions

calling for increased political freedom. The Public Security Bureau, in a rare public statement, denied it was intimideting dissidents. It said Mr Wei and Mr Wang Dan were not in detention. Only Mr Zhou Guogiang (a labour leader and lawyer), Mr Yuan Hongbing (a lawyer), and Mr Wang Jiaqi bad been detained and were

"being investigated".



stand in a league of their own as

heavyweight troubleshooters with enormous Washington reputa-

tions. One is Mr Robert Strauss, now 75,

at various times national party chair-

man, special trade representative and

ambassador to Moscow under President

The other is Lloyd Norton Cutler,

whose clout and access to the upper

reaches of government far exceed the

governmental positions he has nomi-nally held during nearly 50 years in

Born in New York and a Yale Law

School graduate like the president and Mrs Hillary Rodham Clinton, this

urbane, witty and charming man is a fixture on the social circuit and in the

political backrooms that used to be

Pickering, which he helped found in

By Joseph Mann in Caracas

The former president of

Venezuela's Banco Latino,

taken over by the government

in January, says the bank was victimised for political reasons

and was in no worse shape

than other banks the govern-

Mr Gustavo Gomez Lopez

said the decision to intervene

at the bank was made by the

country's previous government

under President Ramon Velás-

onez "more for political than

Latino, Venezuela's second

biggest bank, was seen by Mr

Velásquez' interim government as having aided the political

and personal fortunes of ex-president Carlos Andrés Pérez,

Mr Pérez, forced to leave the

presidency last year to face

ment has chosen to save.

technical reasons".

His law firm, Wilmer, Cutler and

George Bush.

Assessment of the second of th orrowin

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Current on cu

Smoking below the decks of

per cent of Navy personnel were now smokers, compared with around 27 per cent in the

paigners, who have been press-ing for tougher curbs on smoking in the wake of the Environmental Protection Agency's recent decision to classify passive smoking as an environmental hazard.

restaurant chains, including McDonald's, have banned smoking on their premises, and legislation is being debated in Congress that would bar cigarettes from all

curb smoking, the rate of scrutiny over reports that they add silcotine to their products in order to maintain addiction - a charge that has led the Food and Drug Administration

executive. He left Venezuela

soon after, he said, because

friends warned him he would

be a target of persecution. "I

didn't want to be held in a

police cellar incommunicado.

I'll return to Venezuela when

the [political] climate

judge in Caracas issued arrest

and 82 others suspected of

off a crisis in Venezuela's

ary. Mr Gomez, who said he is

not guilty of any wrongdoing. is charged with illegal appropriation, fraud, conspiracy and approving false financial state-

rettes as a drug. The move was therefore wel-comed by anti-smoking cam-are also conducting a monop-

The tobacco industry, facing

has also advocated a constitutional ant to co-ordinate the congres-1962, is a star in the Washington legal sional and presidential election cycles Banco Latino 'a victim

ents generally of the blue chip variety,

its lawyers always in and out of govern-

briefs have long been at the cutting edges of US domestic and foreign pol-

icy. He was active in the civil rights

movement and other liberal causes, a

member of the 1968-70 Eisenhower com-

mission on the prevention and causes of

violence, the unpaid co-ordinator of President Jimmy Carter's attempts to

get the Salt Two treaty ratified and a frequent commentator on constitutional

Earlier this year he was the principal

lawyer in the case that successfully overturned the Washington State law

imposing term limits on elected repre-

But, to combat political "gridlock," he

and ethical issues.

for political reasons'

and close association with important shareholders of the

Mr Gomez, speaking by

phone from an undisclosed location outside Venezuela,

said: "The government inter-

vened in my bank and I am

now seen as a criminal. But in .

the case of other Venezuelan

banks suffering from liquidity

problems, the government is providing them with financial

aid and is not prosecuting any-

He admitted Banco Latino

was in trouble, but "it was no

more problematic than other

Venezuelan banks. When I took over I raised capital and

tried to change the bank from what it had been."

president of Banco Latino in December after 18 years at the

Mr Gomez, 43, resigned as

Mr Cutler's personal and political

by giving House members four-year terms, not two, and senstors eight, rather than six.

But there is an unpredictable streak, too. In 1987 he offended many liberal triends by coming to the defence of Mr Robert Bork, President Ronald Reagan's conservative Supreme Court nominee ultimately rejected by the Senate. In 1992, along with another Democratic eminence grise, Mr Paul Nitze, he gave some advice to Mr Ross Perot prior to his independent presidential car-

His eppointment as White House counsel is reminiscent of the circumstances of August 1979. The Carter administration was already in trouble even before the Iranian hostage crisis and its White House legal counsel, Mr Robert Lipshutz, under fire for taking too narrow a legal view of his responsi

The same criticism is now levelled at the meanwhile, he the departing Mr Bernard Nussbaum, stripes yet again.

#### Cool hand guides Whitewater raft embarks Clinton hopes Cutler will let him ride political rapids, writes Jurek Martin on health the weekend, and at the general bill draft White House staff with its heavy component of old friends of the presi

Last symmer, when also under attack

after a series of mishaps, Mr Clinton

reached into the Washington establish

ment to appoint Mr David Gergen, deni-

zen of Republican White Houses, as a

The improvement in presidential for-

last until Mr Robert Fiske, the indepen

the meanwhile, he will have earned his

By George Greham in Washington

Congress yesterday took its first tentative step towards putting together a healthcare reform bill when a House of Representatives panel sat down to try to draft legislation.

Congress

times owed not a little to this move, although Mr Gergen is now less visible and is frequently reported to be think-The subcor care panel of the influential Ways and Means Committee, is Mr Cutler's second White House term may not be long either. It may not even chaired by Congressman Pete Stark of California, whose own proposal for reform is somedent counsel investigating the Whitewater affair, produces his report next year or the year after. But if he gets the what to the left of the plan put forward by President Bill Clin-White House show back on the road in ton's administration.

Mr Stark wants to add a new category to the governmentrun Medicare programme which now provides health insurance for the elderly, to cover both the poor and unem-ployed, including those now included in the parallel govern-

ment Medicaid programme.

The new Medicare category would also be open to companies with up to 100 employe who would, if they chose this option, have to pay 80 per cent of the premium for their

Controversially, Mr Stark also proposed yesterday a 0.8 per cent payroll tax to raise \$24bn a year, on top of the tobacco tax increase advocated in the Clinton plan, to pay for some of the cost of expanding health insurance to cover the entire US population.

While Mr Stark's proposal is seen by many members of Congress as redolent of the kind of state-run medicine that provokes goosebumps among US doctors, patients and politi-cians alike, its strength is that it is built on Medicare, which



Clinton: under pressure over Whitewater from all sides

is not only familiar but also generally popular among the groups it serves.

Although the proposal differs in many respects from Mr Clinton's ideas, which are based on health alliances to purchase insurance, White House officials appeared happy that the Ways and Means subcommittee was at least setting the legisla-

tive ball in motion. Other subcommittees which have jurisdiction over parts of the healthcare reform package have deadlocked, and the

Further complicating the task is the current preoccupafinancial affair, which has not only absorbed all the energies of a good portion of the senior White House staff in recent days, but also cast an unfavourable light on Mrs Hillary Clinton, who has been the administration's principal spokesperson on health reform.

Mr Clinton yesterday expressed his optimism that a health care reform bill will, in

# Venezuelan taxes to be reformed

senior adviser.

By Joseph Mann in Caracae

The Venezuelan cabinet yesterday sent a series of tax bills to Congress aimed at cutting the public sector deficit, which last year reached 3.6 per cent of gross domestic product. The bills cover several areas.

A general sales tax, covering imports and other activities at Changes".
Last week, a criminal court the wholesale level, is planned to replace a value added tax warrants against Mr Gomez brought in in October 1993. The maximum rate for corpobeing involved in the downfall rate and personal income taxes is being raised from 30 per cent of the bank. Latino's failure set to 34 per cent. At the same financial system and triggered time the number of income tax a wave of frantic dellar purdeductions is being reduced. chases in January and Febru-

Two new taxes are being pro-

tax of 10, 20 or 30 per cent, depending on classifications to be issued by the government. Venezuela's motor industry is bracing itself for lower sales, expecting the luxury tax to raise prices considerably on its profitable, high-priced vehicles. The government is proposing some changes in existing tax

actions at banks and a luxury

laws, for example lowering high fees established last year for certain government services and introducing stricter penalties for tax evasion. It plans to set up an independent agency to collect taxes and reduce tax evasion, put at 70 per cent in recent years.

# Pentagon bans smoking

After Britain's Royal Navy abandoned the rum ration, it was perhaps only a matter of time before the US armed services stopped smoking.

That time came yesterday when the Pentagon announced a workplace smoking ban. The new policy will still light up a cigarette in designated areas of military barracks, clubs and restauranis, offices and ballways, as well as the inside of a tank or aircraft.

US Navy ships has already been virtually outlawed. The armed forces have traditionally smoked much more than the population at large,

general US population.

Some shopping malls and

to consider regulating ciga-

oly investigation into allegations that tobacco companies hazard off the market.

a steep increase in cigarette taxes as part of US healthcare reforms, is not taking this lying down. Philip Morris, the tobacco conglomerate, shut down one of its largest plants yesterday to bus its workers to Washington to demonstrate

# Violence mars road to Colombia elections

Sarita Kendall on the congressional campaign trail

f more elections and more contenders are a sign of greater democracy, then Colombia is doing well. There are 928 slates of candidates registered for congressional elections on Sunday, when the offi-cial Liberal party presidential candidate will also be chosen. However, at least 10 congres-sional candidates have been

killed, kidnapped or injured during the campaign. One sociologist calculates that elections in more than half Colombia's municipalities are affected by guerrilla violence.

The proliferation of congres-sional lists seems to be more a measure of the atomisation of the two main parties than of democratic vigour. In the south-western department of Valle, for example, more than 25 Liberal groups are compet-

ing for the 13 seats.
The power of the regional chiefs has broken down and the new voting card makes it more difficult to buy votes than it was in the past. Even a young political party such as M-19, the former guerrilla movement, is suffering from disunity and presenting three slates in Valle.

Given that so many candidates are unknown and have little more than a slogen for a programme, the Liberal party of current president Cesar Gaviria is trying to capture voters with vague, feel-good

Abstention normally varies from about half to two thirds in Colombian elections; this time the large number of investigations into congressmen's



assumption that drug money helps fund many campaigns have reinforced distillusionment with politics. However, the Liberal party holds, and will probably retain, a comfortable majority in both houses. in the race for the Liberal

party presidential candidacy, the winner is virtually certain to be Mr Emesto Samper, whois far ahead of his Liberal rivals in the opinion polls. The first round of the presidential elections will take place on May 8, followed by a second round on May 29 if no candidate wins an outright majority.

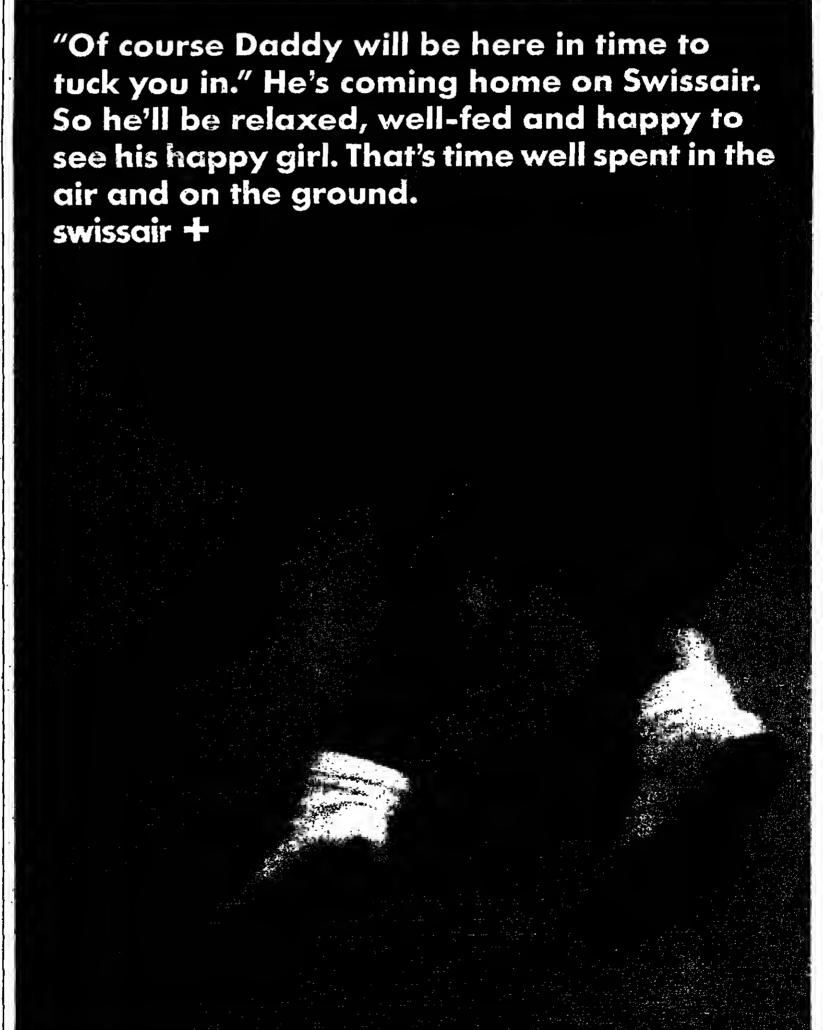
Mr Samper has been on the campaign trail since the middle of last year, but his Conservative party opponent, Mr Andres Pastrana, launched himself into the race only last month. Although some opinion polis give Mr Pastrana a clear

A Liberal presidential victory is less likely to guarantee continuity in economic policy than a Conservative one. While both candidates stress social spending to offset the effects of opening up the economy, Mr Pastrana leans further towards wanting to attract foreign cani tal, privatisation and joining North American Free Trade Agreement Mr Samper is staking a lot

on an ambitious employment programme linked to economic growth rates of more than 5 per cent a year. Arguing that poverty and violence go with unemployment, he hopes to create 1.5m jobs over the fouryear term through sectora plans for agriculture, the modemisation of industry, exports

Although they both say they would like to be remembered for bringing peace to Colombia. trana has come up with a considered strategy for reducing violence. Both agree that dialogue is still an option and the talking on three fronts - with splinter groups from the main goerrilla armies, with drug traffickers and with urban

militia organisations. bring the guerrillas into the democratic system will be hampered by the experience of former Maoist guerrillas who chose the democratic path and founded the Hope, Peace and Freedom party: 140 of them



By Nancy Dunne
in Washington and Frances
Williams in Geneva

US trade officials are losing hope for any significant gains in the final drive to negotiate tariff cuts in the Uruguay Round beyond those agreed last December 15.

Countries taking part in the Uruguay Round of trade-liberalising talks are still wrangling over the details of individual tariff schedules, three weeks after the negotiations should have finished.

With the signing of the Rouod set for April 15 in Marrakesb, the negotiations have entered the "verification stage" on tariffs, which is supposed to address only technical

However, the US. Japan, EU and Canada - the so-called Quad countries - continue to wrangle over tariff cuts on wood, white spirits, copper, and aluminum. The only deal in sight is a cut in Japan's copper tariffs to the equivalent of

Trade officials in Geneva said yesterday that talks, mostly bilateral, were continuing to try to sort out remaining differences. These mainly concern items where tariff concessions shown in the submitted schedules do not match what countries thought they had achieved in earlier negotiations.

More than 60 schedules have been submitted, with 22 still outstanding. Least developed countries are not obliged to submit schedules at this

stage.

A US official said Japan and the EU had continued to block progress by refusing to cut their most sensitive tariffs.

March 25, the date set by the Gatt secretariat as the deadline for submission of final tariff schedules, is now seen as the final deadline for the market access talks.

Progress on wood, particularly, would be "a good thing" for US-Japan relations, the official said. A 50 per cent reduction over five years has been agreed, but that will still leave Japanese wood tariffs at 6 per cent. The US industry has even joined the fray, buying advertisements in Japanese newspapers claiming that a tariff phase-out would bring the cost of housing down by 20 per

# Signatories still wrangling over Uruguay Round cuts

At a meeting of negotiators yesterday in Geneva, convened to discuss the schedules, Japan repeated complaints that the US had withdrawn earlier offers on films, electronic products and non-ferrous metals. EU officials on Monday expressed disappointment over US tariff reductions on copper and trucks.

Japan is also unhappy about the EU's offer on televisions and video cameras, while indonesia and Malaysia have complained about the link between lower EU wood tariffs and a lifting of their restrictions on export of raw

Concern was volced yesterday about a US "beadnote" in the textiles and clothing section referring to Washington's intention to pursue talks with some exporting nations, such as India and Pakistan, to reduce their import barriers. The US stressed this was not being made a coodition for tariff reductions.

However, it urged US negotiators to pursue "aggressively" further tariff cuts to enhance "significantly the economic benefits of the Uruguay Round".

final talks are a severe blow to US industry.

The influential Advisory Committee for Trade Policy and Negotiations, a business and labour panel appointed by the president, said further tar-

The meagre results of these

iff cuts were vital.

The textile industry is even more insistent on progress. Mr Heory Truslow, president of the American Textile Manufacturers' Institute, threatened last week to oppose the trade pact in Congress unless the US won "critically needed market access commitments from countries which today flood US markets with their clothing

and textile products".

Although market opening offers have been received from Malaysie, Chile, the Czech Republic and Slovakia, no tariff cut offer has been received from Pakistan. India has offered small cuts, which US officials dismiss as inadequate.

"Time is running out," said

Mr Truslow. "We see no progress on making the major offenders agree to open their markets.
"It is time for our govern-

ment to take a stand and say the US will not phase out its Multifibre Arrangement quotas for countries which keep their markets closed."

# Central America's 'model' accord

Damian Fraser on an 'advanced' trade deal between Mexico and Costa Rica

be free trade agreement that Mexico and Costa Rica provisionally concluded last week bas been described as the most advanced between two Latin American countries.

It will eventually remove tar-

it will eventually remove tariff and most non-tariff barriers
to trade in goods and services
between the two countries;
offer national treatment to
investors from each country;
set rules on intellectual property rights; ease movement of
workers between the two countries; and provide for a panel
that resolves disputes arising
out of compliance with the
accord.

Both countries predicted that the agreement would significantly boost Mexican-Costa Rican trade, which stood at \$215m (£147.2m) last year.

However, by giving preferential access to each other's markets, the agreements will hurt the two countries' existing trade partners, especially other central American states.

The negotiations were for-

mally wrapped up last Thursday night, and the text is being written up by lawyers. Mexico's Trade Ministry expects the agreement to be ready in four to six weeks and to be signed by the respective presidents soon after.

The treaty will take effect

from January 1 next year.
Mexico's Trade Ministry said
Mexican exports of goods that
Costa Rica did not produce
would be able to enter Costa
Rica duty-free from next year.
This covers about 80 per cent
of Mexican exports, currently
at tariffs of about 20 per cent.
Tariffs on the remainder of
Mexican exports will be
reduced over five, 10 and - for
the most sensitive products 15 years. Mexico in turn will

allow a majority of Costa Rican

Mexico

Mexico

Cuba

Betize

Honduras

Trade with Costa Rica (USSm)

Exports from

Nicaragua

Costa Rica

Panama

Venezuela

1989 90 91 S2 Colombia

exports to enter duty-free in five years or less.

Mr Jaime Serra Puche, Mexico's trade mioister, said the agreement was ",... without a doubt, one of the most advanced trade agreements between any Latin American countries".

He said the pact established "a strong rule of origin that requires goods to be made with inputs of the region; that is to say from Costn Rica or Mexico, and that this is an important opportunity for Mexican suppliers of inputs and primary materials, since Costa Rica's supply industry is not well advanced."

Mr. Roberto Rojas, Costa

Mr Roberto Rojas, Costa Rica's trade minister, described

the pact as the first step toward Costa Rica's accession to the North American Free

Trade Agreement between the

US, Mexico and Canada.

An official from Mexico's Trade Ministry said products would have to contain 50 per cent regional content to be considered Costa Rican or Mexican and free of tariffs. As Mr Serra Puche made clear, such a rule of origin would encourage Costa Rican companies that export to Mexico to source from Mexico rather than neighbouring countries.

"What this accord is promoting is alliances and not competition between Mexico and Costa Rica," said the official. "What we are looking for is

rra Puche: opportunity

that Costa Rican and Mexican businessmen work together." This is the latest of a series of trade agreements in Latin

of trade agreements in Latin America. Trade experts from the region meeting in Santiago last week were warned in a report from the UN Economic Commission for Latin America that there were risks in such agreements, in particular bilateral ones.

it said the benefits of such deals "were fewer when integration agreements involve countries that are only minor trading partners". It argued there was a "possibility that bilateral (or even broader) integration agreements signed within the region might have restrictive effects". With low tariffs such as those that prevnil in Latin America, the benefits of such trade agreements were fewer, it said, and the accords could include other aspects - such as rules of origin - that might discourage trade rather than promote it.

promote it.

It further suggested that the emergence of certain "bub" countries, with which most bliateral agreements were concluded, "can also create incentives for the polarisation of investment in these coun-

Mr Serra Puche hoped the agreement with Costa Rica would provide a model for similar accords between Mexico and remaining central American countries, over which negotiations were continuing.

Mexico's trade minister expects to meet this month with counterparts from Colombia and Venezuela to discuss their free trade agreement. The three countries had hoped to sign the trenty in January before President Rafeel Caldera of Venezuela took office. Although Mexico claimed in December that negotiations had concluded, last-minute differences over rules or origin for chemicals and textiles made signing impossible, how-

The new Venezuelan government, less keen on free trade than its predecessor, is said to have insisted on a re-negotiation of the treaty. The Mexican government is willing to meet the Venezuelans and listen to their concerns, but the Trade Ministry official said the agreement could not be re-opened.

Additional reporting by Stephen Fidler in London and David Scanlan in San Jost

# Well Done, Norway



Like the rest of the world, our eyes have been glued to our TV sets as the XXIII Winter Olympics took place. With the extraordinary performance of countless athletes, the overriding purpose of the Olympics stood out, as did the superb organizational skills and hospitality of the host country, Norway.

We have a special interest in the games, because of our founder's Norwegian roots. The firm that bears his name is still based on a simple principle that he learned growing up in Oslo: Tenk klart, tal klart (Think Straight).

Alle Revisjons Firm Aer Er Ikke Like
(All Accounting Firms Are Not Alike\*\*)

ARTHUR

ARTHUR ANDERSEN & CO. SC

# Mercedes in Indian venture

By Christopher Parkes In Frankfurt

Mercedes-Benz is to start assembling E-Class executive cars and manufacturing vehicle engines in India in a new Joint venture with its long-standing partner, Tata Engineering and Locomotive (Telco) of Bombay.

The partners will invest DM250m (£97.2m) in equipping a factory in Poona with capacity for 20,000 cars and 50,000 petrol and diesel engines a

year.

Car assembly will start this year, while engine output is scheduled to begin in 1995, Daimler-Benz, the Mercedes parent, said yesterday.

Mercedes will hold a 51 per cent stake in a new operating company, Mercedes-Benz India, which will further tighten ties with Teleo, in which Daimler has a 10 per cent stake.

The two groups have co-operated since 1954, when Telco was awarded its first licences to manufacture Mercedes commercial vehicles under licence.

# Caribbean apparel sales to US soar

By Canute James in Kingston

Caribbean Basin countries increased the volume and value of apparel exported to the US by a quarter last year, as a result of special agreements for access and increased quotas. The region accounted for almost 14 per cent of the US market.

The Caribbean's apparel exports to the US in 1993 totalled 12.3bn square metres, 24 per cent more than in the previous year and well ahead of the 6 per cent increase in worldwide apparel exports to the US last year.

the US last year.
Earnings by Caribbean Basin countries from the US increased 23 per cent last year to \$3.9bn (£2.67bn).

"The Caribbean Basin countries' share of the US apparel market grew to 13.74 per cent last year, compared to 14.9 per cent held by South East Asia's Asean group, 4.15 per cent by the European Union, 2.24 per cent by Latin America and 1.68 per ceot by Africa," said Mr Peter King, chairman of the Caribbean's Textile and Apparel Institute.

"Some of the major product lines were knitted and woven shirts, trousers and shorts, T-shirts, huslery, underwear and foundation garments." Most of the region's apparel

and foundation garments.

Most of the region's apparel exports to the US are produced under the 807 offshore assembly programme which allows garments to be assembled in the region from fabric made and cut in the US end re-exported to the US with duty paid on the value added in assembly.

The main regional exporter to the US last year was the Dominican Republic whose shipments increased by 18 per cent to earn \$1.4bn. Costa Rica's exports increased by 12 per cent to \$650m, followed by Guatemala, up 2 per cent to \$544m. Honduras up 43 per cent to \$500m and Jamaica up

holidac

31 per cent to \$381m.

Mr King is forecasting another 25 per cent increase in volume and value of regional apparel exports to the US this year, despite fears the Mexican industry. using the North American Free Trade Agreement, could eat into Caribbean markets.



# Output surge bolsters hopes for recovery

By Philip Coggan, Economics Correspondent

Fears that the UK economic recovery might be faltering were assuaged yesterday by news of faster than expected growth in manufacturing output the January increases are from a lower base as the CSO reduced its

and industrial production in January. The Central Statistical Office said January's monthly rise in manufacturing output was 1.1 per cent, while industrial production, which includes energy, rose by 0.8 per cent. However.

estimates of output and manufactur-The output statistics depressed sen-

timent on the London stock market as traders felt it made an immediate cut in base rates less likely. Shares were Manufacturing output was 0.6 per that tax increases taking effect next month will slow the pace of economic growth. Mr Peter Warburton of Rob-reached record levels in January. in base rates less likely. Shares were also hit by falls in bond markets in Germany and the UK. The FT-SE 100 index fell 41.5 points to close at

Weak economic statistics published last month had cast doubt on the strength of the UK recovery. Manufacturing output had been estimated to fall by 0.5 per cent in December, although that has now been revised to a 0.2 per cent fall.

Many of the figures appear to have been distorted, however, by the effect of the Christmas period and the CSO prefers to look at quarterly trends.

Industrial production was 0.9 per cent

The figures confirm that the December data were erratic and that people are still too downbeat about the prospects for economic recovery in the UK," said Mr Kevin Gardiner, UK economist at Morgan Stanley, who last week increased his forecast of this year's UK economic growth from 26 to 28 per cent. The government is forecasting a 2.5 per cent growth in UK gross domestic product in 1994.

Some observers, however, believe

ert Fleming thinks a combination of higher taxes and a weak labour market will limit GDP growth to 1.8 per

cent this year. Yesterday's figures prompted the CSO to increase its estimates of the trend in manufacturing output growth from 1 per cent to 2 per cent per year, and for the trend in production from 2.5 per cent to 3 per cent annual growth.

The main source for January's manufacturing output rise was the engineering sector, notably electrical and optical equipment. Production was

The main reason for the downward revision in estimated 1998 growth in manufacturing output and industrial production was higher than expected export prices. The CSO uses the infla-tion rate to "deflate" output cash totals and reach volume estimates.

As a result manufacturing output was 1.8 per cent higher in 1993 than in 1992, down from the previous 1.9 per cent estimate, whereas 1993 industrial production was 2.5 per cent up on

# Hurd's Pergau claim challenged | Heseltine rejects

Britain'e former high commissioner to Malaysia yesterday contradicted claims made by Mr Douglas Hurd, the foreign secretary, that an offer of aid for Malaysia's Pergan dam had been "disentangled" from sales of defence equip-

Sir Nicholas Spreckley told the House of Commons Foreign Affairs Committee that a complex mathematical formula linking the aid and defence deals in a Protocol signed in March 1988 had not been discarded by the UK government when concluding final negotiations over aid for Malaysia.

Instead, be told MPs that the formula - insisted on by Malaysian negotiators when drawing up a protocol on defence sales in March 1968 ~ had determined the UK's decision to offer about £200m to Malaysia later that year. Sir Nicholas's testimony con

tradicted claims made by Mr Hurd and by Lord Younger, the former defence secretary who also gave evidence vesterday - that there was no long-term linkage between aid and defence contracts signed with the Malaysians in 1988.

The committee is investiga-ting Britain's decision to give Malaysia £284m to help build the Pergau dam, a decision that members of the Overseas Development Administration have described as "a very bad buy". It is also examining whether ministers broke Whitehall and international guidelines by linking aid

money to defence contracts. Last week, Mr Hurd told the committee that there had been a hrief entanglement" between aid and trade in a protocol signed by Lord Younger,



Former High Commissioner Sir Nicholas Spreckley gives evidence yesterday

But the foreign secretary strongly argued that ministers sought to "disentangle" the contracts later that year, pursuing them as two distinct pro-jects to avoid breaking guide-lines that prohibit linkage of

aid and trade. Sir Nicholas admitted yesterday that, after Lord Younger had returned from Kuala Launpur, ministers wanted to remove a clause in the protocol. which offered Malaysia up to 20 per cent of the £1hn sale of defence equipment in the form

of aid money. Sir Nicholas said he advised ministers that if that clause were withdrawn, "something had to be put in its place, something that would bear comparison."

He told the committee a promise of up to £200m for development projects made in a letter of June 28 1988 to the Malaysian government was a technical restatement of the

original protocol's formula. Lord Younger admitted he alone had agreed to the inclusion of the aid formula in the

arms contract. In contrast to Mr Hurd, he said the protocol did not link arms and aid at all, because the document had no "executive role".

He also claimed that Lord Howe, foreign secretary at the time, had agreed that the protocol did not make a firm commitment of aid.

Mr John Major confirmed yesterday that he had been privy to cabtaet discussions in 1988 about the references to civil aid and arms sales in the

# talk of party chairmanship

UK Trade and Industry secretary Mr Michael Heseltine has dismissed suggestions from prominent Tory MPs that he should take over as party chairman after defeats the government is expected to suffer in local and European elections this summer.

Mr Heseltine's determination to stay at his department emerged as Mr Kenneth Clarke, the chancellor, failed to dispel speculation that he and Mr Heseltine are preparing for a leadership contest this year.

Mr Clarke insisted yesterday that he expected Mr John Major to lead the Conservatives into the general election due by 1997. That echoed Mr Major's public reaffirmation earlier this week of his determination to hold on to the pre-

But the chancellor, who said he was fed up with being constantly quizzed about the leaderahip, once again admitted his long-term ambitions to become orime minister.

That and a couple of verbal slips suggesting that Mr Major's position was not entirely secure was seen at Westminster as evidence that Mr Clarke is anxious to keep open his options in the event of

an early leadership crisis.

Mr Heseltine has told close friends that he wants to remain in his present post when Mr Major unveils his expected cabinet reshuffle after the summer elections. He has not received any indication for the chairmanship.

from 10 Downing Street that the prime minister will seek to

The speculation that Mr Major might ask Mr Heseltine to lead the Conservatives' campaign for the next general elec-tion has been fanned by intense suspicion on the right of the Tory party that he is positioning himself for a lead-ership bid.

Prominent rightwing Tory MPs have been openly canvass-ing the idea that by making him party chairman Mr Major could ensure Mr Heseltine's loyalty in the event that bad results in the local and European polls trigger a leadership

Sir Norman Fowler, the pres-ent chairman, has already indicated his plan to stand down and the MPs have suggested that the trade and industry secretary would find it impossible to turn down the job without appearing disloval.

But friends of Mr Heseltine have dismissed as nonsense any suggestion that he would pose a threat to the prime min-ister if he remained at the DTL. The trade and industry secre-

tary had also made it clear that he has always regarded his task in reshaping the govern-ment's approach to industry as one that would take at least three years and probably lon-

Mr Heseltine's unwillingness to countenance a move leaves employment secretary Mr David Hunt, who supported Mr Heseltine for the party leader-ship in 1990, as clear favourite

### Britain in brief



### Battle for power sales under way

More than 7,000 large consumers of electricity are to buy from a supplier other than their regional power company for the first time next month as they take advantage of the opening up of their market to competition.

Many more among the 45,000 power users able to shop around for supplies from April 1 have signed deals with their local distributor that will give them significant price

The 45,000 consumers that qualify to shop around from next mouth include industrial concerns, supermarkets, large schools and hospitals. Some distributors – includ-

ing Manweb, in the north-west of England and in north Wales, and Midlands Electricity - say they have been able

side their regions price cuts of up to 20 per cent.

Most reductions fall within 4 per cent and 10 per cent. However, some consumers enjoy-ing relatively low tariffs have received no immediate finan-

The reductions are the result of the second stage of the lib-eralisation of the electricity market, which will allow users of between 100kW and 1MW at their period of peak consur tion to pick from any licensed

Until April 1 they have had to buy from their regional dis-tributor. Only consamers of more than 1MW had a choice of supplier. By 1998, all con-sumers, including householders, will be able to select their

#### **Employers face** maternity bill

Employers will have to foot the £55m bill for improved maternity payments, announced by the government yesterday, which will benefit around 285,000 working women.

The new arrangements follow a government consultation exercise which gave options for dapting UK maternity benefit schemes to the requirements of the EC Directive on the protection of pregnant women in full-time work. Employers will be asked to pay the difference between the cost of existing ternity arrang the new system which must be in place by October 16.

#### Upturn in light vehicles

Sales of light vans made their iong-awaited npturn last month, hroadening the UK commercial vehicle market recovery to every sector except buses, coaches and utility four-wheel-drive vehicles.

In some areas of the market the sales upsurge last month reached spectacular leveis, with the important beavy

trucks sector - over 15 tonnes - rising by 31.9 per cent in February compared with the

me mouth a year ago. Statistics from the Society of Motor Manufacturers and Traders show that sales of light vans - mainly those derived from cars - rose by 5.9 per cent, to 5,334 from 5,037, reversing a long declining

Sales of larger "panel" vans like the Ford Transit rose last month by 14.8 per cent com-pared with the same period a year ago, to 7.040 from 6,133.

#### Pakistan gas pipeline hints

Pakistani press reports suggest that British Gas and Novacorp of Canada are the leading candidates to take a 20 per cent stake in the partially priva-tised Sui Northern Gas Pipeline company, the monopoly gas distributor in northern Pakistan, which is currently 60 per cent state-owned.

The reports, quoting petro-leum ministry officials, said the government has decided to offer a 20 per cent stake to a foreign company by the middle of this month.

British Gas yesterday confirmed that it was negotiating with the Pakistanis and that there had been some discussions on a possible price. But it said that any decision on whether to go ahead depended on the Islamabad government publishing a proposed regula-tory regime for the pipeline

#### Jump in Scots exports

Exports of manufactured goods from Scotland rose by more than 30 per cent in value last year, says a new index of Scottish exports compiled by the Scottish Council Develop-ment and Industry. The index, based on figures from 26 companies which account for 60 per cent of ali Scottish exports, rose from its base of 100 in the first quarter to 130.1 for the fourth quarter, suggesting exports worth £10.9hn in the whole of 1993. Although all industrial sec-tors showed growth, the stron-

gest export sector was comput ers. The index showed a 15 per cent jump in the fourth quar-ter over the preceding one. International Business Machines, which has a plant making personal comput Greenock, Strathclyde, accounts for about one-fifth of all Scotland's exports and has been experiencing a boom in

#### **Barclays** makes **440 redundant**

More than 400 employees of Barclays Bank arrived for work yesterday to be handed letters informing them they had been made redundant.

The 440 administrative staff at branches in London and the south-east were selected on the basis of attendance and perfor-

mance records. Barclays, which has already shed 16,000 jobs since 1990, has also announced plans to cut another 5,000 by the end of next year.

The move comes just two days before the bank publishes its annual results.

# **British** holiday share hits record low

By Michael Skapinker, Leisure Industries Correspondent

The British went on a record 56m holidays last year but the proportion taken in the UK fell to the lowest level ever, the British Tourist Authority

British residents took 32.5m holidays of four nights or more in the UK last year, 1.6 per cent up on 1992. But the number of foreign holidays increased by 8 per cent to 23.5m. The share of holidays taken in the UK was 58 per cent, compared with 60 per cent in 1992.

The number of domestic holidays taken rose from 31.5m in 1960 to more than 40m in the mid-1970s, before falling to 28.5m in 1987.

Over the same period, how-ever, there has been a dramatic increase in the number of holidays taken abroad. In 1960, only 3.5m Britons took their holidays abroad. By 1980, this had reached 12m.

While Britons have taken more abroad, a record number of foreign tourists have visited the UK. The Central Statistical Office said last week that the number of oversees visits to the UK rose 4 per cent to 19.3m in 1993. However, the increase in the number of Britons going abroad resulted in a rise in the travel account deficit of the balance of payments to £3.7bn last year, compared with £3.4bn in 1992.

Ms Adele Biss, BTA chair-man, yesterday said: "Our tourism industry cannot survive on growth from overseas visitors alone. Nor can we expect cut-throat competition from package holidays to dis-

She added that the UK tourist industry needed "more focus on quality standards, value for money, more energetic promotion and better marketing. This is not by any means an impossible task. But we need greater commitment from government and the industry, working in partner-ship, to arrest this decline."

# Spy chief seeks 'in camera' deal on Scott

Mr David Spedding, Britain's new spy chief, is prepared to give evidence to the Scott arms-for-lraq inquiry but only on the understanding that all members of the intelligence services will con-

tinue to testify in camera. Mr Spedding, who was named as the next Mi6 head last week, owes his promotion largely to his involvement in gathering information on Iraq's nuclear

programme.

He is thus well placed to shed light on an area which has been investigated by Lord Justice Scott and which includes the work done for UK intelli-

By Andrew Adonis

hish separate accounts for its

including cable companies

huilding combined television

and telephone networks in

Mr Don Cruickshank, Oftel

director-general, said the

changes were essential to pro-

mote a transparent, competi-tive telecoms market. He said: "I hope BT will increasingly

urban areas.

network and retail busine

regulation in

A Scott inquiry spokesman said last night that the judge was not prepared to comment on intelligence witnesses to

his inquiry.

The judge has already taken written and oral evidence in private from several members of the intelligence services, including some members of Mr Spedding's section specialising in the Middle East, and the outgoing head of Mi6, Sir Colin McColl.

After consulting Whitehall officials, Lord Justice Scott reached the view early in his inquiry that the public interest to hearing in public evidence

gence by former executives of Matrix from an intelligence officer was out-Churchill. weighed by the public interest in protecting his identity and some of the information provided by him. According to intelligence sources Mr Spedding is under instructions from the govern-ment, like any other member of Whitehall", to co-operate fully with the Scott

> This co-operation would include giving evidence in public if "requested to do so by Lord Justice Scott". Mr Spedding believes, however, that evidence in camera best serves a balance between a higher public profile for the service and the continuing demand for secrecy in its operations.

The role of the intelligence services is expected to come under renewed focus today when Mr Peter Wiltshire, a Customs officer involved in the Matrix Churchill investigation, gives evidence

The intelligence services believe the final report will largely exonerate those involved in intelligence reporting, instead criticising a breakdown in dis-semination of information by non-intelliernce officials and ministers.

The indee has seen numerous intelligence reports warning Whitehall that Iraq was using British exports to build up fraqi conventional and nuclear capability from the mid-1980s.

# Cellular system set for launch

Hutchison Microtel confirmed yesterday its intention to launch a new cellular mobile network next month and announced its name - \*Orange\*, Andrew Adonis

The network will be the UK's fourth, competing against Vodafone, Cellnet and Mercury One-2-One, which launched in the south-east of England last September.

Microtel has chosen the name in an effort to conjure up the image of cellular communications as "fresh, attractive, and not impossibly com-plicated to use." Orange is related to neither Apple, the world's second largest personal computer manufacturer, nor Apricot, the workstation maker now owned by Mitsubi

shi of Jap Microtel, whose largest shareholder is Entchison Whampoa, the Hong Kong conmerate, refused to disclose the Orange tariffs yesterday, but said they would be "highly competitive" with those of

existing networks. The Orange network will cover more than half of the UK's population, extending to 90 per cent by mid-1995.

It will be digital, as is that of One-2-One. The handsets may be more expensive than the analogue networks run by Vodafone and Cellnet, but Orange is likely to compensate with cheaper charges.

# BT faces greater competition move

ers as well as competitors." **British Telecommunications** However, BT views new operators solely as a threat, faces a sharp increase in reguand is anxious to avoid becomnications watchdog, tries to open the UK market to greater ing little more than a whole-saler of network capacity to other service providers. A new supervisory regime amounced yesterday by Oftel will provide for the regulator At present BT sets charges for competitors using its net-

work by negotiation, with a to set and publish the price of right of appeal to Oftel -exermore than 70 charges levied by BT on competitors needing to use its network to carry their cised twice by Mercury. The prices have been confidential and vary between operators. In future, competitors will pay for key interconnection It will also force BT to pubservices at standard, published

reduce the advantage BT gains as a retailer from owning the country's largest telecome net-But Mr Michael Hepher, BT managing director, has assured Oftel of BTe co-operation in Payments to BT, which controls about 90 per cent of the UK telecoms market, represent the introduction of accounting separation, which will apply about half of the total costs of from this financial year. rival operators. The largest rival is Mercury, but dozens of new operators have gained licences in the last two years,

year of the long-running dis-pute between BT and Mercury

tariffs set by Oftel. BT condemned Oftel'e 'costly increase in regulation".

Mr Cruickshank said the level of detailed regulation pro-posed was "absolutely essential" to develop competition.

Oftel's standard interconnection charges will initially be based on its determination last

over network payments. Mercury is contesting the determination in the High Court in an attempt to secure a more favourable settlement.



# Canals to host fibre-optic network

Competition for long-distance telecommunications traffic was stepped up yesterday by the launch of a company using Britain's canal towpaths to build a fibre-optic network, Andrew Adonis

The company, Fibreway, claims to be the first solely engaged in the wholesaling of capacity to other operators. It will offer no services directly to end-users, but sell capacity to the growing array of new entrants to the UK market. The three existing long-distance net-

works are owned by companies which also

provide telecoms services to consumers.

They are British Telecommunications, Mercury, and Energis, a new operator launching a service next month. Fibreway's largest shareholder is GPT.

the telecommunications equipment joint venture between GEC and Siemens, the German group. It is acting in partnership with British Waterways.

Mr Gerry Boothroyd, Flbreway's director, said that initial investment will be in the "tens of millions", with network con-struction determined by demand. Cable companies building local net-

works in urban areas are keen to see a

diversity of long-distance operators. Mr

Eugene Connell, head of UK operations for Nynex, the US group making significant UK cable investments, expressed "serious interest" in the new operator as a means of linking Nynex's franchises in different parts of the country. The idea of using canal tow-paths for a telecoms network has been in the air for

several years, but appeared to founder two years ago when Sprint, the US long-distance carrier, dropped plans to build its own UK network.

Construction is under way of a link between Edinburgh and Glasgow, with others planned in the Midlands.

# Balance of economic power begins to shift

Europe was a barbaric wilderness populated by goatherds.

The cycles of world history have since accelerated and become interconnected, to a degree barely conceivable even a generation ago. As it tackles the problem of fading dynamism. Europe must weather a phase of unsettling political and economic transition.

"Europe can be under no illusinn that it faces very strong competition from the US and Asia," says Mr Ernst-Antoine Sellière, vice-president in charge of economic affairs at the French Patronat employers' organisation. "But, provided we loosen constraints on our competitiveness, this can be an opportunity."
The European nations that

launched the manufacturing revolutions of the 18th and 19th centuries ceded industrial leadership to the US after the first world war. Now, as a result of global upheavals in technology and communications, another shift in the balance of economic power may be imminent - this time, towards the rapidly expanding economies of the Pacific Rim.

Using World Bank data and its own assumptions about future growth, Union Bank of Switzerland (UBS) projects that, in the first decade of next century, purchasing power income per head in Singapore and Korea will exceed that of the US. Incomes in Singapore are already close to the west European average.

According to similarly derived projections by UK accountants Coopers and Lybrand, the share of world GDP taken by Asian developing countries (including both China and India) could rise to 28 per cent in 2010 from 18 per cent in 1990. Western Europe's share would fall to 17 per cent from 22 per cent, while the US's would fall to 18 per cent from 23 per cent.

This projection assumes rate will pick up early in the

uropeans are no strangers to periods David Marsh sees of lagging economic performance. The opportunities in Europe's Egypt waxed and waned over 2,000 years, while most of

> Europe and the US of 2.5 per cent, against 6 per cent in Asia. Even if the growth differential is less, Europe will drop down the economic rankings. But Europe's likely decline needs to be put into perspective. First, it is natural that less

well-off countries move closer to wealthy ones. Over the past 20 years, the gulf between many rich and poor countries has widened. Where gaps have narrowed, they normally remain large. According to World Bank figures (based nn constant dollar exchange rates rather than purchasing power parities), by 2000 the ratio between average GDP per capita in western Europe and east Asia will be an 18 to 1, compared with 48 to 1 in 1970.

Second, as living standards rise in less developed countries, wealth should flow back to Europe through increased trade and investment. Provided European companies match international advances in management and technology. Europe can maintain a strong competitive advantage in goods and services the rest of the world wants. This requires that borders remain open and protectionist pressure is

Professor Richard Portes, director of the London-based Centre for Economic Policy Research, believes a narrowing of the wealth gap between Europe and the rest of the world need not be disastrous. "I'm very sceptical about the views of the doomsayers."

Differences in real wages between western Europe and other manufacturing regions will narrow, he says, in the same way that US wages, relative to those m Europe, have need not stop European living standards rising.

According to UBS's projections, western Europe's growth annual growth in both western 21st century, as the continent

benefits from the "catch up" phenomenon, under which countries that lag adopt inno-

vations from the leaders. A striking example of "catch up" has been US success in the 1980s in reacting to the competitive threat frnm Japan by importing "just-in-time" Japanese production technology. says Mr Bill Gasser, UBS's senior international economist. Bnt, as it tries to adapt,

Europe has one big disadvan-The fast-increasing share nf GDP taken by government spending in the past decade - a rise well under way before the onset of the European recession in 1992-93 - has imposed a growing burden on business. Social spending is the biggest single portion of these out-

lays. The OECD says social security transfers in the EU will account for 21.5 per cent of GDP in 1994, up from 16.4 per cent in 1989 - double the percentage rise in the last downturn in 1979-1982. In relation to GDP, EU social transfers exceed US and Japanese levels by 50 per cent and 78 per cent.

s a community of nation states, western Europe faces greater difficulties than the US did a decade ago in adopting common policies to recover dynamism. But Europe's diversity is also a trump card. Different parts of the continent can draw upon varying strengths and specialisations

There is little disagreement on the diagnosis of Europe's core problems. The task is to implement corrective mea-

 Growth of public spending on weitare is fallen since the 1950s. This ble strains on budget deficits one reason for high taxes and interest rates. Beyond simply cutting benefits, governments need a new balance between public and private sector social security provision.

 The number of old people in Enrope could nutstrip resources to care for them. Imaginative solutions will be required, returning the elderly to family environments and using technological advances to moderate medical costs.

 More flexible labour markets are needed, including improved possibilities for part-time work and less rigid wage-bargaining mechanisms. The collapse in demand for unskilled labour creates the potential for an integrated tax and welfare system allowing low-paid workers to be paid partly by employers and partly by tax credits.

 Europe must overcome its technological lag. Companies at the forefront of scientific advance must improve links both to the markets they serve and the education establishments nn which they draw.

 Europe needs a better balance between the costs and benefits of environmental regulation. Environmental rules have not yet been a significant spur to innovation or competitive advantage.

 Plans for further integration, including widening (early next century) to central and eastern Europe, need to be based on liberal, open-market

Governments know Europe can prosper only if companies think globally. This can lead to some sharp modifications. Pointing to the large number of German companies shifting production abroad to escape high domestic costs, Mr Ludoif von Wartenberg, general manager of the Federation of German Industry, says companies are moving away from a "Made in Germany" towards a 'Designed in Germany" concept. German industry will

regain competitiveness, he says. But he admits doubts on how German society will cope with the strain. This type of corporate reaction can be painful, but th absence of adjustment would have still more disturbing consequences. If European enter-

prises and employees can mus-

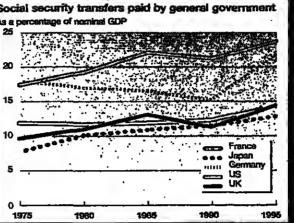
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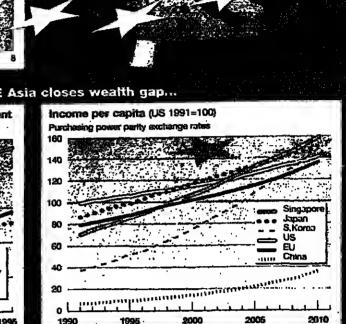
change and the flair to master

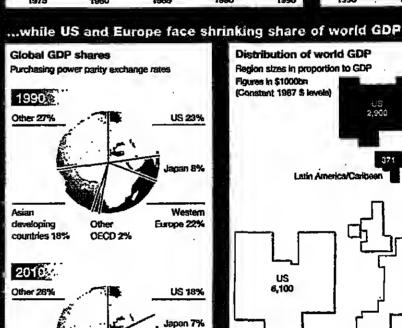
it, salvation is assured.

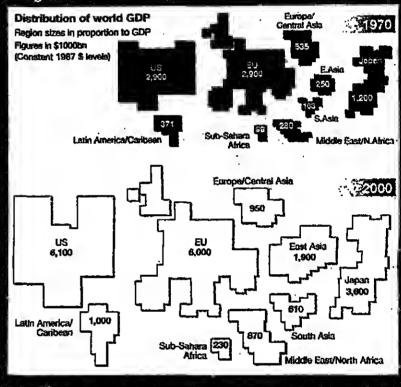
Industrial countries' growth falls to pre-war levels. GDP per capita 1913-1950 1950-1973 ..as social security burdens rise and SE Asia closes wealth gap... Social security transfers paid by general government

The way forward









# Rivalries to the rescue in the search for lost creativity

By Guy de Jonquières

"In Itoly for 30 years under the Borgias they had warfare, terror, murder, bloodshed - they produced Michelangela, Leonardo da Vinci and the Renaissance. In Switzerland they had brotherly love, 500 years of democracy and peace, and what did that produce? The cuckoo clock." -Orson Welles in The Third Man.

The historical detail is flawed. The Swiss have fought twn civil wars since the 16th century and did not invent the cuckoo clock. But Welles' monologue, ad-libbed amid the ruins of 1940s Vienna, contains a poetic truth. Conflict is a powerful spur to creativity. And diversity is the mother of conflict.

If Europe has a genius, a single defining characteristic, it is diversity. In no other region is such intense intellectual, cultural and linguistic variety packed into so small an area. Nowhere has the destiny of so many nations been more powerfully shaped by continuous rivalry between them.

In some eyes, this is a debilitating heritage. It has, after all, exacted a cruel price nver the centuries in recurrent wars. Now that national advantage is furthered more by eco-

fashionable to decry Europe's heterogeneous structure as a handicap in the face of the relative homogeneity of Japan and the US.

Has not Japan's economic success been based heavily on management by consensus and a widely shared sense of national purpose? Has Hollywood not conquered tha world because of the scale economies available from its large and inte-grated home market? Surely, logic requires European industry to respond by closing ranks and presenting a united front to the world? Such analyses, however, miss the point. At a time when technology

and liberalisation are forcing open

nomic than military means, it is markets worldwide, the toughest corporate challenge is not to achieve global production scale, but to differentiate products and services and tailor them precisely to widely varying local demand.

In theory, these trends should work in Europe's favour. First, because restricted home markets have long compelled ambitious producers to look beyond their own borders. For many, learning to adapt to unfamiliar conditions, and incorporating the lessons into their own operations, has been a prerequisite of expansion.

Secondly, because many of Europe's enduring industrial sucses have been built on intensive

specialisation and continuous striving to create and enhance distinctive competitive capabilities. This is the story of German capital goods, Swiss precision engineering, Italian

Other OECD 2%

luxury products, French fashion and British pharmaceuticals. The point was well understood by the authors of the single market programme. Their intention was never to create a uniformly level playing field dominated by equally matchad industrial monoliths. Rather, by unleashing fiercer crossborder competition, they aimed to promote specialisation by freeing resources to flow to where they were most efficiently employed. But the vision is still far from

realisation. European countries continue to cling to the notion that sovereignty requires a presence in a broad swathe of industries, almost regardless of the cost. For all the talk of EU integration.

governments obstinately defend the right of national steel producers to continue losing money and of sleepy telecommunicatinns monopolies and flagship airlines to charge high prices for mediocre service. Nor is such nationalism limited to bigger countries. It was clearly at work in the decision last year by Swedish shareholders to torpedo the Renault-Volvo marriage and in the collapse of Alcazar, the planned merger of Austrian, Dutch, Swiss

and Scandinavian airlines. The result is not simply diminished efficiency, but the duplication across Europe of largely undifferentiated structures in many industries. Instead of breeding healthy diversity and creativity, national rivalry bas perversely produced

sameness and common weaknesses. In these circumstances, preserving existing structures wholesale is not evidence of an ability to compete, but of a refusal to do so. The real test will be how effectively European economies enhance comparative advantage by abandoning poor performers and concentrating resources on those activities which

#### Looking ahead to 2000: How can Europe escape the doldrums?



TRAINING Denis MacShane, director of communications, International "Measures to provide workers

with constant skilling and reskilling should not just be supported. They should be demanded as singht. People should get involved in consultations and information exchanges within their companies. We should learn from the Japanese system where you are thought of as a member nf a company, not just as an employee - this helps limit unemployment, I favour reductions in working time, which is out of kilter with what is needed to produce goods and services in Europe. Employees should support policies aimed at producing new products. In 10 or 15 years, ordinary people as they grow older will have several thousand pounds worth of health

diagnostic equipment at home."



SINGLE MARKET Zygmunt Tyszkiewicz - secretary general, Unice (European employers federation):

"If you project today's trends in Europe to 2000, the result is dismai, it can't be allowed to happen. We have been divided up into little national states, each one protecting what he does, each one with its own airline. steel industry and so on. We have missed out on the economies of scale.

We have the seeds of recovery in the single market, but it's not property working yet. "We need to tackle the problem of rising social security budgets, by bringing in funded pensions. Our education systems need to produce people who can adapt to high technology. The world

recession won't last for ever.

When tha upturn comes, it won't

solve unemployment problems.

to make difficult decisions."

but it will give us the confidence



**OPERATING GLOBALLY** Sir Anthony Cleaver, chairman of IBM UK, head of an inquiry on competitiveness by Britain's Royal Society for the encouragement of Arts,

Manufactures and Commerce: \*During the next 10 years, it is inevitable that Europe's share of world income will drop, It ought not to mean actual standards of living will decline. However, we will heve to reorganise social security. Just as, inside companies, people look to their own careers and plan for themselves, we are going to have to develop an increasing number

to take responsibility for their "For businesses to prosper, there is no substitute for bright people with an understanding of the industries they work in. In any high-tech area, you have to keep abreast of what is happening and where advances are being made."

nf instruments to allow individuals



**EUROPE'S PLACE** IN THE WORLD Prof. Michael Stürmer, director. Stiftung Wissenschaft und Politik

"We shouldn't be so afraid of south east Asia. In the long run, these countries could get into deep trouble. The streams of weapons flowing there will sooner or later explode. Their passage is by no means assured. They have to deal with North Korea, and they may get into deep water with

China. "Europe is still one of the best places in the world to live in. We will recover. Our recession in Europe is a matter of the last 21/2 years. We should not extrapolate to 2005. Our problem is the excessive welfare state. But, throughout history, Europeans have ahown enormous resilience. And, unlike after the second world war, we are starting out from a very high level."



SCIENCE

Dr Bob Whelan, chief executive of the UK Centre for Exploitation of Science and Technology: "Because it is inadequately (German government foreign

prepared for change, Europe too often follows rather than sets the world agenda for new products. The European workforce must become more flexible and adaptable. If you never stop learning, you can learn new tricks. "Europe must recognise the need for world class performance

> information, pharmaceuticals, automotive, energy and so nn. There is too much introverted concern that the EU is the market Companies should show more interest in global markets, looking for new opportunities - and learning from high quality customers elsewhere in the world. Companies must hunt in packs. There is still great scope for new

collaboration."

in ALL aspects of industries that

force that pace of technology -



**EMPLOYMENT** Padraig Flynn, European

Commissioner for employment: "If the EU can get down to a 5 per cent unemployment rate by the end of the century - half the present level - we could live with simply standing still and waiting for a cyclical upturn to solve our difficulties. Even if we increase our competitiveness, that will not automatically lead to more jobs.

We need to increase the employment intensity of growth. \*Cutting wages is not the answer, aithough we need moderate wage rises not exceeding increases in productivity. Wa must lower burdens on employers caused by

high non-wage costs. "We need to look at new types nf work part-time work and lower-paid jobs, at a fair wage and with reasonable social protection. Low-paid work can be a source of a lot of comfort.



REDESIGNING COMPANIES

Peter Kraljic, managing director, McKinsey management consultants, Paris:

"Cutting costs alone is not enough - if companies simply restructure downwards, Europe will just run into ever higher unemployment, Companies have to be redesigned for growth. Manufacturing techniques and the location of manufacturing are less important than people's attitudes and state of mind. "For 40 years we have had growth in Europe. Now we are like

the US at the start of the 1980s.\* \*Europe has to exploit its strengths. We have a large market, and an incredible mix of nations with incredible talents. If we have the will to be Number One, at an individual, corporate and national level, we can do it. But we cannot expect a miracle overnight. It will require coherent action and a lot of leadership.\*



WIDENING EUROPE

Bela Kadar, minister for international economic affairs, Hungary: "Hungarian membarship of the EU by 2000 is realistic. We will bring a dowry - not just the Hungarian market, but flows of trade and technology with the rest of eastern Europe. If they invest in Hungary, western companies can increase their competitiveness. If obstacles to our exports fade. Hungarian and foreign investors can produce not just for 10.5m Hungarians, but for 400m

This is the final part of a 10-part series

European consumers.\*

M. An 80-page popurback containing all the articles in this series will be available in this month, at a price of £20 per copy. Chaquas should be made payable to Financial Times Lid and sent to John Willia Marteling Department, Firenacki Times, 1 Southwark Bridge, London SE 194L If in yesterday's list on agoing in Europe, the percentage of Europeans in world

Santa Raymond and Roger Cunliffe explain how telecommunications companies have used technology to transform their workplaces

# At home in the office

elecommunications and information technology companies have long argued that technology is an important tool in workplace design. What is less well known is that many of them practise what they preach.

Companies such as IBM, Digital Equipment, British Telecommunications and Mercury understand the full potential of modern technology, and apply it in their workplaces in a way that offers lessons for others. IBM has a tradition of excellent offices, but its Smart (space, morale and remote technology) programme takes an innovative leap forward. At Bedfort Lakes on the outskirts of London, IBM has divided individual workspaces into four types: managers' offices, permanent workstations for administrative staff, grouped and shared "hot desks" for mobile consultants, and "bouchdown desks" for other staff visiting

the office for brief periods.

Consultants are encouraged to be where the work is: at the clients' premises. When back at base (conventionally less than 40 per cent of the working year), their "hot deaking" more than doubles the utilisation of deak space. This cuts the amount of space needed, even when offset by an increase in meeting rooms and rooms set aside for customers to work in.

The other main space saver is IBM's policy of grouping all filing, both team and personal. Files are taken to desks in portable trays, personal filing is minimised and desks are kept clear. The results of these and other measures, says project manager Harvey Young, are more effective operations and a 25 per cent saving in space.

per cent saving in space.

At Mercury Telecommunications the challenge is growth and change with "awesome velocity", in the words of Chris Ridgewell of its Flexible Working Applications Group, which advises customers on IT packages for workplaces. When architects Austin-Smith Lord designed the interior of Mercury's London headquarters, stress was put on flexibility; in particular, the IT installation has a floor outlet point every 4 sq m, more than twice the usual density. Yet with an organisation growing at 100 people a month, technological flexibility and the acquisition of space are not considered.

enough.

The answer is "virtual teams":
people collaborating closely, but in



Gosy corner: plants and a 'cottage' backdrop feature at Digital Equipment

a range of locations. They may work from home, in the car, at a customer's office, at "third-party sites", in a branch office of Mercury, or at head office – yet they work as a unified team. They are united by a strong sense of "mission", highly sophisticated IT, skilled team co-ordinators – and a base office which provides the right environment for anything from a "touch-down" visit to a full team

what sort of a physical environment makes a base office attractive, welcoming and stimulating? At Digital Equipment's Stockholm office, a virtual team was asked to decide this for itself. The result is a flexibly planned area with consultants sitting in lounge chairs under an

artificial tree, their mobile filing trolleys beside them. At the press of a button their computer terminals descend from the branches to a convenient height.

In the corner a raised cafe area is

In the corner a raised cafe area is also used for informal meetings. The general decor has hints of the golf course, the beach and the garden: all places where the team said they felt at their most creative. The team co-ordinators (executive secretaries) also work on a dais, giving them eye-level contact with standing colleagues, a view in-the-round of what is going on, and emphasising the importance of their role.

Idealistic? Lavish? Not if you take

ing the importance of their role.

Idealistic? Lavish? Not if you take into account a 50 per cent saving in space and a 20 per cent increase in productivity. The pilot area for 14

people has now been expanded to cater for 200. BT's carefully monitored experiment with its directory inquiries staff in Scotland is another

approach to the virtual team: the

static relocation of some members

of an in-house work group.

In BT's case 11 staff were detached from the Inverness office and set up to work in their own homes. As well as telecommunications and information technology, or "telematics" (which included video links with each other and with Inverness), BT developed special furniture, which was robust enough for work use yet domestic in scale. It also considered the broader implications of home-work-

ing - such as interruptions, secu-

rity and child-proof equipment.

With the psychology department of Aberdeen University, BT is now evaluating the year-long experiment. The initial reaction of the workers and their families was very positive. The findings — some already published — are not only for BT to use in its staff deployment, but to help its customers contemplating home-working.

plating home-working.

What does all this mean for the design of tomorrow's offices? Creative change is essential if businesses are to survive pressures from new technology, from globalisation, from demographic and educational changes in the workforce, from concerns about the costs of commuting and its environmental impact – and changing lifestyles.

impact – and changing lifestyles.

The workplaces of these four companies show the way. For all their technological sophistication, what is evident is the humanity; a concern with the quality of working life. They show that offices are

increasingly becoming:

• Meeting places as much as workplaces, places for group interaction rather than solitary concentration;

 Pleasant places, which attract and retain the shrinking number of new graduates joining the ranks of skilled knowledge workers;
 Flexible places, far more space-

Flexible places, far more spaceefficient and adaptable, reducing both capital and running costs;
 Humane places, often smaller and nearer home (or even at it) but still part of a global communications network.

The authors are London-based archi-

# Twelve steps to a successful speech

Talking about the audience you are talking to is the key to public speaking, writes Walter Bruderer

ho are these people?"
If you are preparing
to make a speech, and
the audience is already shaking
your confidence, start with that
question. It is the key to
public-speaking success.

public-speaking success.

Whether they are strangers or co-workers, they have one thing in common: they expect you to dazzle them for the next 15 or 20 minutes. And the best way is to focus on their favourite subject—themselves. Talk about the people you are talking to.

Begin by defining who these people are and what they want. To help, here are 12 questions:

Are these people friends, co-workers, customers or strangers? Define their characteristics and self-interests

- the work they do, their education level, the everyday language they use, and especially the problems and opportunities that concern them.

Why are they here? What do
they expect to set out of your

 Why are they here? What do they expect to get out of your speech? What do they want of you? They expect to benefit somehow. Write these expectations down.

• Why were you invited to make this speech? There must be something special about your background that is of interest to the audience. What exactly have you got to offer? You must understand your qualifications so you can deliver the speech they expect to hear. Audiences are easily disappointed when a speaker steps out of character and ignores the reason he was

chosen.

• What problems do these people have? One of the best ways to win approval from your audience is to recognise their problems and help solve them. Your knowledge of their problems is probably the reason you were invited to speak. They expect fresh insights, a different point of view, and ideas that may help them. They do not want platitudes and generalities. One or two specific ideas that stir their minds will send them away feeling their time has been well spend.

spent.

What opportunities do they
have and how can you help realise

them? This and problem-solving are the two best strategies to catch and hold the attention of any audience. Your function is to help them see their opportunities, open their eyes, stimulate their imagination, point the direction, and encourage them to act. They came to this meeting expecting you to freshen and expand their thinking.

What is the normal, everyday

 What is the normal, everyday language of this audience? Once you have settled on the big theme idea, the ultimate virtue is to express it with absolute clarity.



If your audience is from a certain industry, what terminology does it understand best? The audience dictates your choice of words. The best way to convey an idea is to use the language the andience knows best, cast in the simplest words you can find. Do these people like humour?
 Everybody does. But humour is a risky device. What strikes one listener as clever may strike another as mane. The theme of your meeting may be serious, and humour would be out of place. Few speakers are good comic story-tellers, and nothing can be worse than telling an old, inappropriate or pointless story. A light touch here and there, if

it does not interrupt the logic of your speech, is welcome, but humour is no substitute for a big, useful idea clearly expressed.

How long should the speech be? When you were invited, you were probably given a general time limit. The best rule is to take only as much time as needed to make your presentation with absolute clarity. The only thing worse than being too long and boring is being too short and only partially understood.

Should you use visual aids? If they make your central point

Should you use visual aids?
 If they make your central point easier to comprehend, yes. Keep them simple and uncomplicated because the audience has only a moment or two to digest them. Explain every word, line, graph, number, picture; otherwise, if you pass on without doing so, the audience feels it has missed some thing.
 What should your manner of

What should your manner of speaking be? Speak loudly. Make sure your voice carries distinctly to the farthest listener, so nobody has to strain to hear you. The whole character of your speech – your enthusiasm, conviction, emphasis, sincerity – can be lost if you speak with a tentative, soft voice that makes listening a chore. Nobody ignores a loud voice, and there is no conviction in a voice that mumbles.

● How should you use your eyes? Make eye contact. Look directly into the eyes of individuals, shifting from one part of the audience to another, from front to back, left to right. This has the compelling effect of keeping listeners' eyes on the speaker, feeling that he is addressing them personally. It also makes you, the speaker, feel you have made personal contact with individuals who are hanging on every word.

● Should you make an outline? Yes, and consult it as you speak. It forces you to organise your speech in a logical, coherent way, and keeps you from running off the track.

These questions are just a start; add others to fit your occasion. Taking a few minutes to understand who these people are, and what they want, is the first step in making a good speech.

# FINANCIAL TIMES SPECIAL OFFER

# FT/Lufthansa "Free European Flights" offer

The Financial Times and Luthansa have joined together to offer readers two tree European Business Class flights when you

fly Business or First Class return to any of Lufthense's 85 long-hauf Inter-Continental destinations.

#### How it works

if you fly one return, or two single, long-haul inter-Continental Business or First Class flights in the Lufthansa network until Wednesday, August 31, 1994, the "Free European Flights" voucher entitles you to two free Business Class returns to any of Lufthansa's 87 European destinations valid until Friday, March 31, 1995.

All You have to do

 Collect eight differently numbered tokens published between Monday, February 28 and Saturday, March 12, 1994 from the Financial Times including one token from the Weekend FT on Saturday.

 If for any reason you have not kept last weeks papers, back copies are available from the FT Shop on 071-873 3324

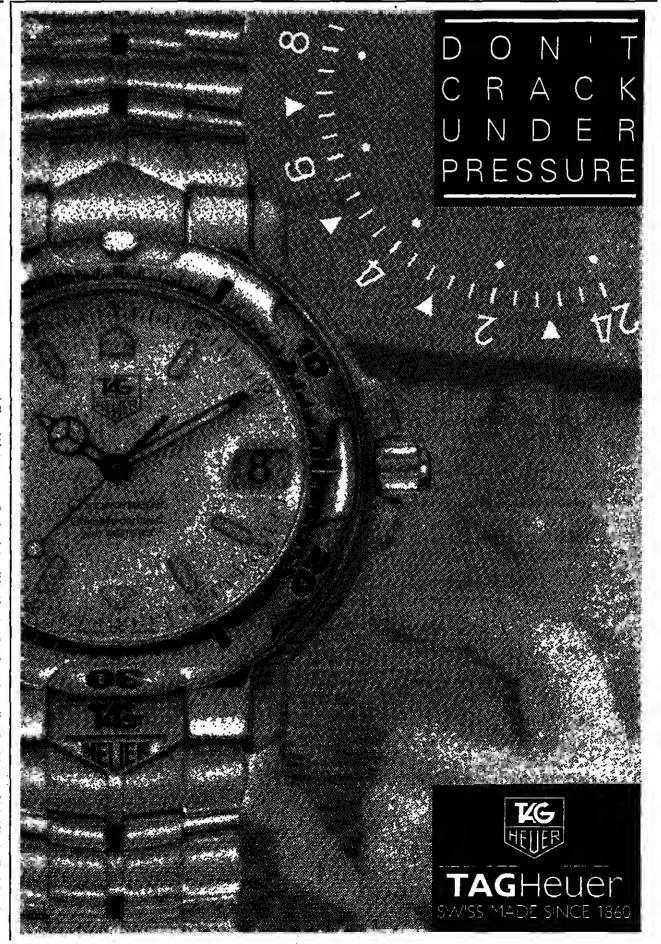
 Send the tokens, together with an application form, to FT/Lufthansa "Free European Flights" offer, Fenton Way, Basidon, Essex, SS15 6SL by Friday, April 15, 1004

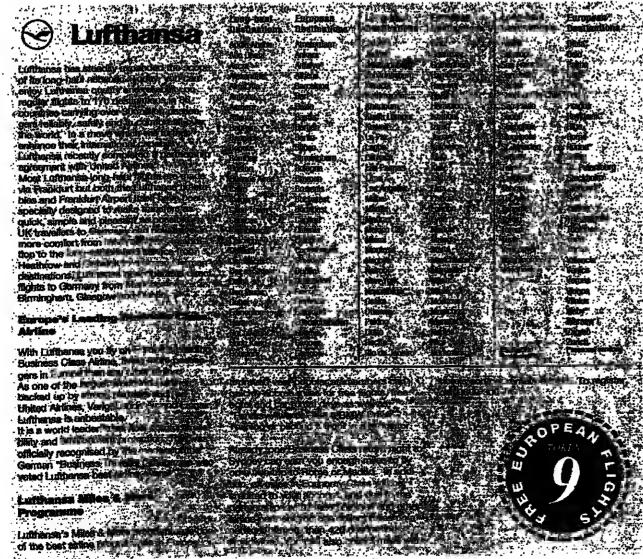
 You will then receive a voucher for two free Lufthansa European Business Class tickets for you to retain until you have taken either one Inter-Continental return flight or two single Inter-Continental return flights or Lufthansa in Business or First Class before Wednesday, August 31, 1994.

● Retain a copy of your Lufthansa Inter-Continental ticket(s) and originals of your boarding passes and return these with your ticket voucher. These will then be exchanged for two free Business Class tickets to the European destination of your choice (for two people travelling together on the same flight).

 The free European Business Class flights can be used until Friday, March 31, 1995.

 Full terms and conditions, together with an application form, will appear on Friday, March 11 and Saturday, March 12, 1994.





The Soviet army may be withdrawing from eastern Europe hut it has left behind an ecological mess. The bill for the clean-up operation will he staggering.

Estonia, Latvia and Lithuania are currently sizing up the fallout from 50 years of sloppiness at more than 1,000 former Soviet military facili-tles. This legacy of Soviet rule, ranging from nuclear waste to water pollution, should keep policy planners and eco-businesses husy

Soviet pilots, for instance, would regularly dump jet fuel on the ground to minimise flying hours. At the Tapa military air hase in Estonia, 16 sq km are polluted by jet fuel, 7m deep in some places.

At most Soviet airfields in the Baltic region - as in east Germany and the Czech Republic - waste fuel, while not toxic, has seeped into the region's shallow natural groundwater reserves and raised purification costs.
The World Bank has examined

the damage at Latvia's Tukums air force base, and is considering funding clean-up programmes. Environ-ment Cauada, a government agency, has offered to train Latvians in site remediation and assess-ment. But institutional lenders have yet to commit substantial funds to

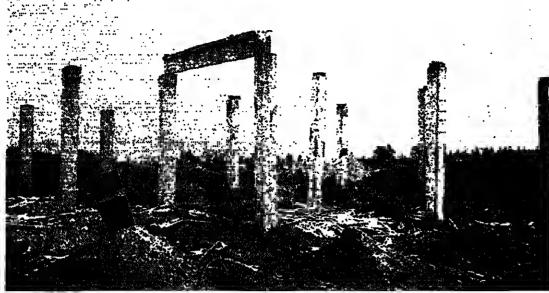
clean-up efforts.

Meanwhile Baltec, a private Latvian company, has begun a biore-mediation project at Tukums. Over five years, it plans to pump out the jet fuel, some of which can be salvaged and resold, and put bacteria into the soil to break down the

remaining fuel. inspectors previously barred from secret aites are finding other and more worrying surprises. Near Zvarde, an eastern Latvian town, more than 24,000 ha of farmland were confiscated for air target practice. The land was returned to Latvia after independence, leaving a trail of pollution, deforestation and unexploded bombs after 30 years of daily hombing sorties.

Peteris Elfers, a member of parliament, estimates that demining might take another 30 years. "It has to be done," he says, "but we don't bave the technology to do it well." An inspection last summer found 364 bombs, mines and rockets after examining just the main bombing polygon of 159 ha - and only cursorily to a depth of 20 cm.

Deadly waste understandably raises more eyehrows. In Sillamae, a closed military city on Estonia's north-eastern coast, a classified chemical combine has left a 20mhigh dam that contains, according to Murray Feshbach, an expert on the Soviet environment at Georgetown University in the US, 4m tonnes of uranium ore, 1,200 tonnes of pure uranium, 1,000 tonnes of radium, 800 tonnes of thorium, plus



# East counts cost of a dirty legacy

Estonia, Latvia and Lithuania face a big bill after 50 years of Soviet army sloppiness, writes Matthew Kaminski

2m tonnes of calcium sulphide oil shale ash and some ground radioac-

In a big storm, this could go into the nearby Gulf of Finland and directly affect the Baltic rim countries. Feshbach says one safety measure, so far not carried out, would be to encase the dam in cement. Nuclear waste pockets have also been discovered across the Baltic hinterlands, Last summer in Lithuanla, radioactive equipment dumped at a landfill in Zokniai, an airfield near Siulinae, produced alarming gelger readings.

aldiski, a blg submarine base in Estonia, has two nuclear reactors, a depository for liq-uid waste, another for solid waste and underground pipelines for radioactive sewage. In troop withdrawal talks, Russia has agreed to give up the hase, remove the nuclear fuel rods and take care of waste and the necessary clean-up. What should be done with the 600 tonnes of liquid waste and the two reactors is unclear.

Estonia, which has a flercely nationalistic government, worries about the proposed length of a Russian clean-up presence until

2000. It may look west for help non-ferrous iron. Nearby are instead, says Alar Olljum, a foreign submarines which used batteries ministry spokesman.

But Feshbach worries more about dimethylhydrazine, also called heptyl, a liquid rocket fuel that is supertoxic, volatile, carcinogenic and nerve paralysing. Around 270 tonnes - of the estimated 150,000 tonnes in the former Soviet Union have been found around Ventspils. a large Latvian port city. "There is no known technology to get rid of it," says Feshbach. "The cheapest way is to fire it from rockets." However, Harry Whitacker, chief

of emergency engineering at Environment Canada, hopes beptyl can be turned into ammonia or methanol by using ultraviolet light and peroxide in an advanced oxidation process; and nitric acid, once pumped to the surface, could he converted to fertiliser if mixed with ammonium and hydroxide. On the Baltic Sea shore, military harbours have been left in a phtlable state. At Llepaja, a top Soviet Baltic Fleet hase, the harhour floor, poliuted by heavy metals and crude

oil a metre deep, needs to he

dredged. Just off the coast sit sunken battleship hulls, stripped of

leaving semi-toxic residue potentially dangerous if built up over time. Clean-up would be expensive, but a World Bank official says the spectacular site of pilfered Soviet warships mlght be a profitable tourist site.

The bank has made the conversion of Liepaja from a military into a commercial centre a priority project in the belief that the city's large port could be a key trans-shipment point to and from the Russian market. The bank has ohtained the Latvian government's commitment to support a project of water treatment, coastal management and tourism. management and tourism. Environment Canada would handle the military pollution.

Like any economically depressed nation, however, Latvia must make hard choices on pollution clean-up. A clear economic incentive is needed to secure funding.

Symbolic cost estimates have been presented to Russia, the inheritor of the Soviet army, Latvia bas sent Moscow a \$147m (£99m) bill for land use and anticipated clean-up. Realistically, however, the Balts do not expect Russia to pay.

WORLDWIDE WASTE

# Green legislation will test Tokyo's sincerity

Japan is sharpening up its environmental policy, reports **Emiko Terazono** in the latest in a series



In a recent letter to more than 600 manufacturers Wakako Hironaka. chief of the country'a

Environmental Agency, urged business teaders to luvest in environmental technology to help

the struggling economy.
Although the Japanese
government has embraced the green issue over recent years to enhance its international image, it has done little to lay down legislation defining industry's role in environmental protection or imposing standards for industrial waste.

Just how gennine the government is over its pledge to become more green will be tested later this year when it produces specific legislation to follow up the Basic Environmental Law, a broad policy statement passed by parliament last November.

After rapid economic growth in the 1950s and 1960s, a public ontery over the sharp rise in pollution forced the government to lay down strict anti-pollution laws. Cases such as the Minamata disaster, where toxic mercury was dumped into the coast of a small seaside town in southern Japan, or the Yokkaichi air pollntion scandal, in which residents of an industrial town in central Japan suffered severe respiratory problems due to the air pollution from chemical

plants, led to litigation by victims. After numerous lawsuits against manufacturers and the government, tough laws controlling air and water polintion were passed. Companies rushed to spend on pollution control, investing 17 per cent of total capital investment at the peak in 1975.

However, green legislation has hardly changed since then.
"Japan's philosophy towards the environmental issue hasn't developed in the last 20 years," says Ian Austin, the Tokyo-based director of Japan husiness development at Dames & Moore. the US environmental consultancy. Because Japan's industrial waste policy remains lax compared with that of the US and Europe, the financial burden un corporations remains almost non-existent.

The agency had initially intended the Basic Environmental Law to include the implementation of a tax to limit carbon dioxide emissions and to make it obligatory for companies to conduct environmental Impact assessments. But opposition from the Ministry of international

> the construction ministry led to From experience, the Environmental Agency realises that clean-up is much more costly than

prevention

Trade and Industry (Miti) and

the law being watered down. Soil pollution from industrial waste landfills is expected to pose a problem for the Japanese government and companies in

the next few years. Legislation covering user charges, which require companies to pay for collection and treatment of polluted waste, will have to be implemented, since the cost of closing down and cleaning up industrial waste landfills is expected to be enormous.

From its experience with Minamata, the agency realises that clean-np is more costly than prevention. The agency says that because Chisso, the chemical company responsible for the Minamata polsoning, had neglected to spend an annual Y100m (£645,000) in pollution prevention, its liabilities, including compensation to the victims and local fishermen, grew more than 100 times to an adjusted Y11.9bn a year.

Austin says that leading multinational cumpanies in the European Uniun and the US are aiready applying environmental management policies to their nperations in Japan to avoid possible future liabilities.

Japanese husinesses meanwhile, have seen profit opportunities in the development of green technology, and have also adopted action plans to show that they are already environmentally sound, and do not need further legislation.

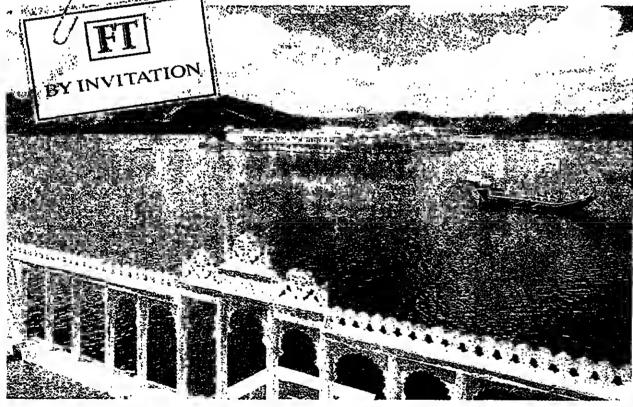
In 1991, the Keidauren, Japan's leading husiness federation. produced a policy statement which sald companies should put board members in charge of environmental matters, while in 1992 Miti laid down a "voluntary plan concerning environmental matters".

Although such pronouncements bave mostly sounded superficial. some companies claim to be sincere. Toynta Motor says It will start producing cars in which 85 per cent of the body and engine parts can be recycled, while Toshiba has stopped using ozone-depleting CFCs in cicun Its computer chips. Kao, the detergent and consumer goods maker, promises to cut its industrial waste by 50 per cent by the end of pext year.

But some companies' behavluur overseas may out be consistent with the way they do business in Japan. Mitsuhishi Kasel, the chemicals group, was forced to close its chemical plant in Malaysia after local activists' allegations of radioactive waste. Although Mitsublsbi overturned a decision by the Malaysian court in 1992 to terminate operations, the case damaged the company's lmage and it pulled out anyway.

In seven years, companies will run out of industrial waste sites, and some Japanese general construction companies have started to develop industrial waste and soil pollution technologies ahead of likely controls.

Next week: Germany.



### **INDIA'S FORTS & PAI** FRIDAY, OCTOBER 7 TO SUNDAY, OCTOBER 23, 1994

The FT invites its readers to explore the forts and palaces of India. Accompany us on a 17day tour of the north, seeing the wonders of Delhi, Agra, Gawlior, Jaipur, Jodhpur and Udaipur soaking up the sites, sounds and splendour of the country.

In New Delhi, capture the magic of the Red Fort at a son-et-lumière. Take a train across country to Agra, home of the Taj Mahal, dine in its shadow as the sun sets. On a day trip to Gawlior explore the 8th century temples and palaces. Be received royally in the romantic city of Jaipur, spend time discovering the wonders of this "Pink City" of Rajasthan.

Fly on to Jodhpur and the Meherangarh Fort, tour the surrounding countryside and sample village life. Relax in Udaipur by Lake Pichola. Enjoy a beautiful woodland journey to the Chaumukha Temple. Return to Delhi for that last minute shopping and flight to London, with your mind full of the wonders of BRIEF ITINERARY

Fly from London Gatwick with British Ariways.

Arrive in Delhi, transfer to Taj Palace for three nights. Tour New and Old Delhi, visit the opulent Red Fort and Rajghat, Mahatma Claudia tma Gandhi's memorial sits.

Train to Agra. Stay at the Taj View for two nights. Visit the imposing Agra Fort and the Taj Mahal. Day-trip to Gwalier. Drive to Jaipur via Fatehpur Sikri for a three night stay at the Rambegh Palaca. Trip to Samode, to see the unique Krishna rescoes at the fort.

Jodhpur: Stay at the Omaid Bhawan Palace for two nights. Visit the deherangarh Fort and the surrounding countryside. Udalpur: Fly to Udalpur for a four eight stay at the Lake Palace Hotel.

Drive through the hills of Rajasthan to the Jain Temples of

Relax at the Tai Palace before departing for a night flight home. Price £2,250 per person. (Single room supplement :495) Readers from outside the UK who do not wish to trave \ vis London may join the holiday in Delhi.

Price includes: International flights. All internal flights, transfers, excursions and special ovents stated in the itimerary, taxes and tips. Hell board a la-carte meals at five star delux hotels, services of a toor manager and guides. Price excludes: Travel insurance; visus; stems of a perso

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# PEOPLE

### Earl returns to UK via **Everest and** Albania

Peter Earl, the corporate financier who last year was joint leader of the Rebecca Stephens Everest expedition is joining US investment banking boutique Fleldstone Private Capital Group to set up a "mainstream" corporate finance function from London. Fieldstone was started in 1990 hy a team of structured finance specialists who had

previously worked for Bankers Trust in New York and London. While it is hardly a house hold name, even in the City, it was last year ranked second in worldwide project finance hy the specialist publication international Financing Review. It has also had a hand in

financing every power atation huilt in the UK in the past four years and it was in the course of a similar project in Albania where Earl has been advising the government on debt restructuring, that the two parties met.

Earl's experieuce, while diverse, has not been with mainstream corporate finance outfits. His own vehicle, Tranwood Earl, which is remembered for its audacious but fruitless hids for the likes of Storehouse, coltapsed in 1991. For the past couple of years

Earl has been working out of the US, following a compli-cated deal in which he put The Carter Organization into, and then rescued it from, Chapter 11. As well as his Albanian activities he has recently been working on a communications project in Bolivia, the completion of which be bopes to celebrate in May by ascending a 21,000 foot peak near La Paz. He says his wish to return to

the UK is partly caused by a sense that there is a revival of takeover activity. He believes his transatlantic experience will be valuable and likes the idea of the US culture at Fieldstone. "I've trodden on a lot of toes because that is what the institutions wanted me to do." be adds, indirectly explaining why he might not fit so easily into a UK merchant bank.

Earl is not being made a nartner - there are none in London - but says he "bves in hope". He is bringing with him to Fieldstone three colleagues from Tranwood days.



Sir Brian Pearse (above right), who steps down as chief executive of Midland Bank at the end of the month, is Christopher Benson as chairman of the Housing Corporation, one of the

government'a higgest quangos. Sir Brian, whn apent most of his banking career at Barclays Bank, is being joined by Peter Cooke (left) as deputy chairman.

Cooke, a member of the **Housing Corporation since** 1988, is currently chairman of the Price Waterhouse World

■ The CBI has appointed John Parsons as chairman of its Small Firms Council Parsons is chairman and chief executive of Time and Data Systems International, a Poole-based company which makes electronic security systems

He replaces Richard Brucclani who steps down at the end of the standard two-year

Parsons was a member of the British Overseas Trade Board from 1985 to 1993 and of a DTI national advisory group on the impact of the single European market on small and mediumsized companies. Parsons, who received a CBE

appears to have few illusions about what smaller companies can achieve in terms of growth and Joh creation. "Small businesses are recognised as the leading job cre-

in 1988 for services to export,

ators and an important source of economic growth," be says. "However, most of this comes from a relatively small proportion of dynamic firms which have the potential to grow."

■ Philip Mallinckrodt, the son nf Charmaine Schroder and George Mallinckrodt, is joining the family firm where his father is chairman, as co-head



Regulatory advisory practice and ia a former head of banking supervision at the Bank of England.

is the public body responsible for registering, promoting and supervising non-profit-making housing associations, which own and manage some 700,000 rented homes in England.

In 1993/94, £1.8hn of public resources has been allocated to the Housing Corporation, which expects to fund around 57,600 completions and 55,100 approvals during the year. (See Observer)

of Schroders equity capital markets. The nther co-beads are Paul Sauvary and Andrew Williams, and the new recruit will report to Gerry Grlmstone, who heads the new international financing and advisory team.

Mallinckrodt, 31, has apent the past eight years at CS First Boston in London, where his last joh was also as co-head of equity capital markets.

■ NatWest Markets, the corporate and investment banking arm of National Westminster Bank, has moved to strengthen an area in which UK commercial hanks have traditionally been weak: providing financial advice to British companies.

NatWest Markets has appointed Andrew Cartwright, J.P. Morgan investment banker, as a managing director and head of its UK corporate advisory work. He will work alongside Gerbrand Hop, who concentrates on continental European business.

The two men will report directly to John Howland-Jackson, deputy chief executive of NatWest Markets, who said yesterday that the appointment marked "a algnificant strengtheuing" of the senior executive team.

#### Insurance moves

Neil Shaw, chairman of Tate & Lyle, is to stand down as chairman of the Association of Lloyd's Members, which represents about 9,000 of the insurance market's Names, at the organisation's annual general meeting this summer. Shaw has been chairman of the association during a turbulent twoyear period, building up close links with the market's reformminded leaders. David Rowland and Peter Middleton, but says that his commitments at Tate & Lyle and elsewhere mean he can no longer devote sufficient time to Lloyd's.

The ALM committee has proposed Sir David Berriman, chairman of the Rose Thomson Young action group, as Sbaw's replacement.

 Nigel Edwards and Jeremy Lee have been appointed directors of Carpenter BOWRING: Colin Newman and Toby Pollard directors of Bowring Financial & Professional Insurance Brokers: Ian Arthur a director of Bowring Aviatiun; and Edward Page-Turner a director of the marine division of Bowring Marine. Tim Baker has been appointed commercial director

and to the board of NORWICH UNION Healthcare. Stephen Buer has been appointed marketing and sales director for Europe of SEDGWICK Credit: he moves from Credit Insurance Association, part of Hogg

Group. Raymond Kite, furnierly and of Alexander Huwden's marine & energy division, has been appointed and of the marine division and to the board of JOHNSON & HIGGINS.

■ Terence Mattholie has been appointed general manager and secretary of The BAPTIST INSURANCE COMPANY on then retirement of Maurice

■ Andrew Torrance (below left), formerly and of its commercial lines operation. has been appointed directur. group insurance operations at ITT LONDON & EDINBURGH. Anders Haggn (below right) has been appointed ind of AON Entertainment (Europe).



# Flamboyant director of Rome Opera resigns

iampaolo Cresci, controversial director of Rome Opera, has resigned. His sudden departure from the post, two years before his contract was due to expire, ends a flamboyant regime marred by a L35bn (£14m) deficit, spectacular backstage rows and talk of scandal. In the latest crisis, Cresci was summoned to appear in court with the

singer José Carreras over allegations that the opera house paid the Spanish tenor an unauthorised extra L130m on top of the normal fee of L30m plus L10m expenses - for a recital in October

The public prosecutor claims that a decision was taken to make an extra payment to Carreras and describe it in counts as "sponsorship". Magistrate Filippo Laviano is seeking to try Cresci on charges of abuse of office. Carreras' agent, through his lawyer, denies any wrongdoing on the part of his client, saying that the singer was paid rather less than his usual fee. The agent does not, however, disclose the sum actually

The allegations follow a succession of sackings and rehirings and accusations of extravagance of heroic proportions recalling, according to one Italian newspaper, a Byzantine court in the last stages of decadence. A payment of L27m was aliegedly made for unnecessary

Dogged by debt and allegations of Byzantine extravagance, the opera house has been dubbed 'Barnum's Circus'

English language courses for the opera house fire brigade. L51ni went towards a New York production of Aida which never took place. Recently, more than 1,200 operatic costumes were impounded by a renovation company, which threatens to sell the costumes at auction in May if the opera house does not pay its bill of L1.25bn.

There have also been accusations by Roman concert institutions that the opera house filched artists under exclusive contract to them (Rockwell Blake from the Accademia Filarmonica Romana and Georges Pretre from Santa Cecilia, who was later forced to return). So catastrophic was the financial

situation at the opera house that the 'Green" mayor of Rome, Francesco Rutelli, appointed himself Rome Opera commissioner and delegated the unravelling of the theatre's finances . to Vittorio Ripa di Mesna.

We can no longer allow the director to continue," said Rutelli. "We have already waited far too long as more and more terrible stories about the financial Cresci was unperturbed and dismissed the deficit as "a mere trifle . . . no more than the cost of a few tanks." He went on to add, with unnerving candour, "only an infinitesimal part of it went into

Last week, both Rutelli and di Meana resigned in exasperation at Cresci's intransigence and the deputy prime minister, Senator Antonio Maccanico, was obliged to step in. By the weekend, it was Cresci's turn to step down and his resignation was accepted, while Rutelli and di Meana agreed to return to their posts.

The queue to take over the job of director of Rome Opera, dubbed by Riccardo Muti as "Barnum's Circus". is not enormous. It is viewed by some as a poisoned chalice. Mayor Rutelli's choice, Sergio Escobar of the Bologna Comunale, has already let it be known that he would rather remain where he is. The search for a successor goes on.

uring the last few years as the government has driven British television further and further into the marketplace - (Well that system has triumphed, hasn't it? Socialism is dead isn't it? Why should television be unaffected? No doubt the long march back to a sane mixture of market and social economics will take a whole generation) – with ITV hieraces being auctioned, Channel 4 made to sell its own advertising time and compete with ITV, and the BBC's income ever more closely scrutinised and controlled, this column has tended to make Cassandra-like warning noises about the quality of programmes.

The argument has been that a fiercer fight for audience share would mean increasing concentration on populist programmes and the reduction or even abandonment of those admirable tradi-tions which, in addition to populist material, Britain's peculiar television "duopoly" had been bringing us for 40 years: current affairs in mid evening, classic drama, properly funded foreign coverage, arts programmes, serious documentaries on subjects other than prostitution and transvestites, and comedy which goes beyond "Ding-dong Honey I'm home" to push and even kick at the exist-

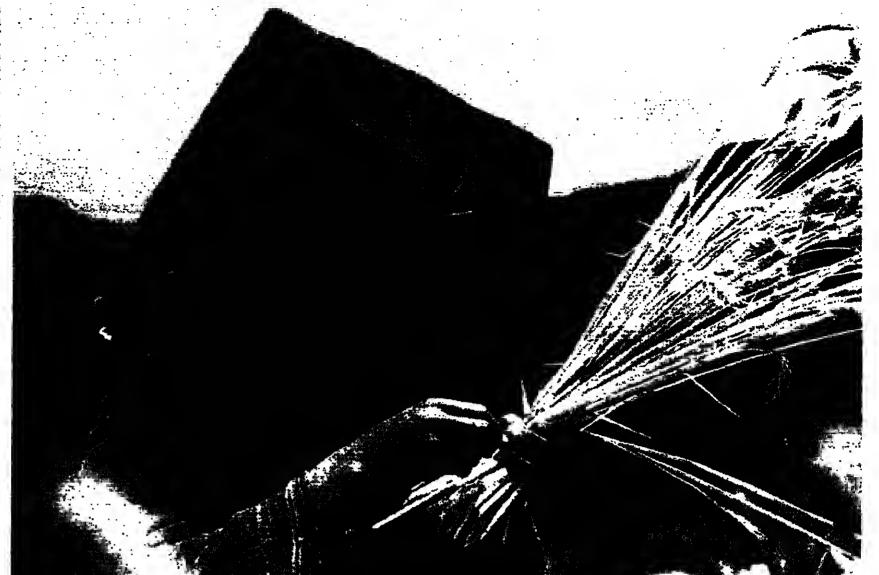
Though the BBC's problems will proba-bly never be entirely soluble, as was suggested in an oddly ambivalent opening programme in a new run of The Goldring Audit on Channel 4 on Sunday, and ITV has been operating under its auctioned licences and its new central scheduling system for only 14 months, with Channel 4 fending for itself for the same period, the time has come for a cautious admission that - so far, anyway - the sky has not fallen. We are not being subjected to an unrelieved diet of populist

That is not to deny that there is a lot of it about. From The Big Breakfast on Channel 4, aimed at toddlers of all generations. to Talking Telephone Numbers on ITV, a sort of game show without a game; from a copy of an amoral Brazilian series on BBC1, Do The Right Thing, with Terry Wogan, to the sub-panto game show Don't Forget Your Toothbrush on Saturday nights on Channel 4, tha mindless, time-passing bonhommie spreads and multiplies. Yet any honest viewer would have to admit that British television is still offering more good and even excellent material than any well balanced individ-ual ought to have the time to watch. Perhaps it is not scheduled as you might wish, but what is the point of a video

This new year season has already brought us Middlemarch from the BBC, an adaptation which was not as good as some devotees pretended, nor as good as the best literary adaptations in the past, Bleak House for instance, and Brideshead Revisited. One of the greatest strengths of the television Brideshead came from John Mortimer's decision to use the authorial voice-over throughout. Why it was decided with Middlemarch to throw away this invaluable technique by limiting it to a postscript (read in the unmistakeably murnsy tones of Judi Dench) is a mystery. However, even without it, this was an impressive series which showed that the

BBC can - and will - still do it.

It now seems highly unlikely, barring more radical changes, that ITV will ever do another Brideshead, but on Monday they did begin another batch of Granada's splendid Memoirs Of Sherlock Holmes, 60minute costume dramas complete with



Mrs Lu. the teacher's wife, in 'Beyond the Clouds', Phil Agland's vivid and engrossing series documenting life in a Chinese country town

Television/Christopher Dunkley

# So far, it's still looking good

hansoms, country house locations and, this week, a costume ball with fountains and fireworks. Best of all Jeremy Brett and Edward Hardwicke are still playing Holmes and Watson, the best pair ever to do so on screen. Nor are we limited to fiction from previous centuries, BBC2 began another season of "Screen Two with the extraordinary Genghis Cohn, a production with the chutzpah to use comedy as a means to look again at the holocaust. With wonderful performances from Antony Sher as the Dachau ghost and Robert Lindsay as the former SS officer who shot him, it was perpetually watchable even if the ultimate purpose was

So far as current affairs in mid evening are concerned, until three weeks ago there was as much as ever: World In Action is still at 8.30, Dispatches (which offered an interestingly alternative view to the government's on Britain's mining industry last week) at 9.00, and Panorama at 9.30. True, at present The Big Story, which replaced This Week on ITV, has itself been replaced by The Big Race which, lacking competitors, ought really to be called "The Long Drive". However, ITV has been as good as its word on Network First (a dread-

We are getting more vivid and engross-ing foreign covarage in Phil Agland's Channel 4 series Beyond The Clouds which is documenting life in a Chinese country town and coming over as a cross between Margaret Mead and Coronation Street, all displayed in Agland's startlingly beautiful

We are not being subjected to an unrelieved diet of populism despite fears that quality would suffer in the fiercer fight for audience share

fully unmemorable title in place of First Tuesday) and two weeks ago screened the film about a massacre in East Timor, made clandestinely by John Pilger and David Munro. As usual with this pair it is now causing a huge political row, which is presumably just what they wanted.

photography. And on Monday BBC2 began Video Nation, a huge "Mass Observation" style programme in which 55 video cameras have been given to 55 widely assorted people throughout Britain. Remembering the striking success of the Video Diaries scheme, this could prove to be very special - particularly if BBC2 can be persuaded to show it in bursts of more than two min-

To make us laugh we have The Day Today, a series which is not only one of the most original comedies for years, but one of the most effective pieces of television criticism. Trevor McDonald and Jeremy Paxman now appear to be mimicking their detractors in a Madly determined effort to. Confirm all those quirks which. The Day Today has so accurately identi-

Of course I may be speaking too soon. It could be that British television today is in much the same condition as the optimist who was pushed off the roof of the Empire State building and was heard as he passed the 44th floor to be muttering "So far, so good". It does seem only fair, however, to acknowledge that - for the moment - the best of British television is still looking pretty impressive.

# Sacred fires flare amid quaint Flamenco capers

Clement Crisp finds the Cristina Hoyos troupe has that uninhibited, raw, earthy energy after all

and dance must inevitably play its part. So the Cristina Hoyos week, with the spectacle given the unlikely title of "Flamenco Dreams": anyone able to dream through the rattle of handclaps and the clatter of feet will desarve a medal. It is of course, yet another Flamenco show; more slick than most - well staged; well danced; well vocalised in those arabesques of howling that suggest permanent pressure on a favourite corn - and absolutely the mixture as before.

The fascination of Flamenco in the thea-Jennifer Grego tre is that moment when production falls All this is what we have come to expect, away, the usual posturings are stilled, and if, as with Mme Hoyos' troupe, it is

Spanish Arts Festival is upon us the sacred fire flares in a dancer. For much of Monday night's opening at Sadler's Wells, predictability was all. The women, adept at slow-burning glances as their skirts stir up the stage dust, look lovely - if occasionally miffed by what the men are up to. The chaps, in buttock-hugging trousers and expressions of baleful uncertainty, stamp, and go on stamping. ("Never live under a Flamenco dancer," is a good rule for flat-dwellers.) Guitars run the gamut of tonic/dominant harmonising, and voices are raised in what I suppose is supplication. I have no Spanish, but suspect that the texts amount to little more than "Watch out, she's on the war-path".

polished and well-lit, then audiences are happy. They are what theatricalised folk dance is always about: instant quaintness and capers designed for tourists. But in this packaging one may, as in a lightning flash, discern the real thing. The greatest Flamenco artists spontaneously combust. As Isadora Duncan said after one extraordinary performance: "The god was with ma". So with the inspirational flamenco style. Carmen Amaya, the truest Flamenco dancer I have seen, was, at her most intoxicating, a gypsy divinity pursued by demons. Cumbre Flomenca, at the Wells a few years ago, showed us two other marvels: Carmen Cortes and La Chana, whose art became incandescent with rhythm and the very spirit of the dance.

transcendent moment might not arrive. Her initial appearance - red flounces; arching torso; a star dancer on display told of obviously fine qualities that have always been hers: glorious arms; electric timing. Yet it was an exteriorised performance, and like most of what we saw. brilliantly contrived. Then, in a Turanto, Mme Hoyos came on stage in a simple grey dress, as if to confront her art and her own talent. Guitarists and singer started to commune with har. Urgent rhythms, awkward poses, the dance kick-ing and battling, inhabited her totally, and we saw the real, the raw and earthy flamenco which is so wonderful - and so rare. Her arms curled around the block of

With Cristina Hoyos, I feared that this her torso; the music's pulse drove her feet and legs; nothing was polite, and every-thing was thrillingly true. The god was with her, and we rejoiced.

> Lest I seem in the least sniffy about the Hoyos troupe, let me say that every artist is gifted, each number well-staged, and that prodigies of stamping and rhythmic aculty abound. Adrian Galia is a most stylish soloist - his solo farucca tautly elegant. The evening runs to 100 minutes without an interval.

> Cristina Hoyos is at Sadler's Wells until March 12. Sponsored by Hola and BSIS. Festival sponsors includa Royal Bank of Scotland; Banco Santander; BSIS; BT.



#### BORDEAUX

Palais des Sports Tonight, tomorrow. Moshe Atzmon conducts Orchestre National Bordeaux Aquitaine in works by Messiaen Paganini and Dvorak, with violin soloist Régis Pasquier. Sat (Grand-Théatre ): Zino Vinnikov Shostakovich (5848 5854)

#### **■ COLOGNE**

Phitharmonia Tonight, tomorrow: Hans Vonk conducts Cologne Radio Symphony Orchestra in works by Beethoven and Strauss, with piano soloist Lars Vogt. Fri: Franz Welser-Möst conducts London Philharmonic in Haydn, Bartok and Shostakovich. Sat: Lorin Maazel conducts Bavarian Radio Symphony Orchestra in Brahms and Bartok. Sun afternoon: Borodin Quartet. Sun evening: Nikolaus Harnoncourt conducts Chamber Orchestra of Europe in symphonies by Schumann and Brahms. Tues: Andreas Schmidt song recital. Next Wed: Wolfgang Sawallisch conducts Vienna

Symphony Orchestra. March 20: Andras Schiff. March 22: Eartha Kitt. March 23: Alfred Brendel (0221-2801) Opernhaus This month'a repertory

includes Fidelio with Ben Heppner and Lisbeth Baisley, Rigoletto with Leontina Vaduva as Gilda and Harry Kupfer'a production of vich's The Nose. Heppner sings the title role in a new production of Peter Grimes opening on March 27 (0221-221 8400) Schauspielhaus A stage adaptation of James Joyce's Molly Bloom opens at Westend Theater on Sun. Repertory Includes Werner Schroeter's new production of Carnus' Caligula, Shakespeare'a As You Like it and Günter Krämer's radical version of Fiddler on the Roof (0221-221 8400)

### **■ COPENHAGEN**

Royal Theatre Tonight, Mon: new ballets by Anna Laerkesen and Laura Dean. Tomorrow: Cosi fan tutte. Frl. Otello. Sat, Tues: Helgi Tomasson's new production of Sleeping Beauty. March 17: first night of new production of Fidelio (tel 3314 1002 fax 3312 3692)

DRESDEN Semperoper This month's repertory includes Harry Kupfer's new production of Handel's Belshazzar with cast led by Iris Vermillion and Jochan Kowalski, Salome, Der fliegende Höllander, Capriccio and Prokofiev'a ballet Romeo and Juliet (0351-484 2323) Kulturpalast Hans Graf conducts Dresden Philharmonic Orchestra. on Sat and Sun in an all-Beethoven

programme, with Plerre Amoyal soloist In the Violin Concerto (0351-486 6666)

**■ DUSSELDORF** 

#### Deutsche Oper am Rhein This week's repertory is devoted to ballet. Tonight: two Heinz Spoerli works. Tornorrow: choreographies by Balanchine, Van Manen and Spoerfi. Frl: mixed bill including Forsythe's in the middle. Sat: Spoerii's production of Giselle (0211-890 8211). Duisburg Theatre has Aribert Reimann's 1992 Kafka opera Das Schloss tomorrow and Sat. Salome on Fri and Arladne auf Naxos on Sun (0203-300 9100)

Schauspleihaus Repertory includes Eugene O'Neilt's Mourning Becomes Electra directed by Werner Schroeter, Klaus Pohl's play about German xenophobia Die schöne Fremde, and three plays directed by David Mouchtar-Samorai -Gorki's Summer Folk, Kleist's Amphitryon and Shakespeare's Troilus and Cressida (tickets 0211-369911 information 0211-162200)

#### **■ FRANKFURT**

Aite Oper Tonight: Borodin Quartet Pinchas Zukerman is conductor and violin soloist with Frankfurt Radio Symphony Orchestra in works by Mendelssohn, Schumann and Neikrug. Sat. Wolfgang Sawailisch conducts Vienna Symphony Orchestra in symphonies by Haydn and Bruckner. Sat (Mozart Saal): Michael Glelen conducts Ensemble Modern in works by Varese, Cerha, Webern and others, Sun, next Tues:

Richard Goode plays Beethoven piano sonatas. Mon: Nikolaus Hamoncourt conducts Chamber Orchestra of Europe in symphonies by Schumann and Brahms. Tues: Lilya Zilberstein piano recital

(069-134 0400) Jahrhunderthalle Hoechst Tomorrow, Fri: Nederlands Dans Theater in choreographies by Van Manen, Lightfoot and Kyllan. Sat: Franz Weiser-Möst conducts London

Philharmonic in Schumann and Bruckner, with plano soloist Mitsuko Uchida (069-360 1240) Oper Tornorrow, Sat, Mon: Simon Boccanegra with José van Dam in title role. Sun: Sylvain Cambreling conducts first night of Herbert Wernicke's new production of Duke Bluebeard's Castla, with Hentk Smit and Katherine Ciesinski

English Theater Kalserstrassa The company's popular production of the gangster musical Chicago continues till March 19, and will be succeeded on March 25 by a production of Arthur Miller'a 1991 play The Ride Down Mount Morgan (069-2423 1620)

#### **■ GOTHENBURG**

(069-236061)

Konserthuset Tonight: Neeme Järvi conducts Gothenburg Symphony Orchestra in symphonies by Schubert and Shostakovich. March 16: Academy of St Martin in tha Fields (031-167000)

#### **■ HAMBURG**

Staatsoper This month'a repertory includes a Ring cycla conducted by Gerd Albrecht, with Günter von Kannen, Simon Estes, Gabriela

Schnaut and Siegfried Jerusalem in leading roles, and a new production of Henze's Die ssariden, staged by Christine Mielitz and conducted by Markus Stenz. Dmitrl Hvorostovsky gives a song recital on March 21

#### HELSINKI

Finnish National Opera The main event this week is tha first night on Fri of a programma of Stravinsky ets, including the world premiere of Jorma Uotinen'a Petrushka repeated March 15, 17, 18, 23, 24). Repertory also includes Yevgeny Onegin and Otello (0-4030 2211)

#### ■ LEIPZIG

Gewandhaus Tomorrow, Fri: Marek Janowski conducts Gewandhaus Orchestra In Messiaen's Turangalila Symphony, Sun: David Geringas is cello soloist with MDR Chamber Philharmonic. Sun evening: Gewandhaus Wind Quintet. Tues: Daniel Nazareth conducts MDR Symphony Orchestra in works by Mozart and Mahler (0341-713 2280) Opernhaus Tomorrow: Fidelio. Sat. ⊟ektra (0341-291036)

#### **■ MUNICH**

Staatsoper This month'a repertory includes Lady Macbeth of Mtsensk with Marilyn Schmiege and Jan Blinkhof, Der fliegende Hollander with Robert Hale and Julia Varady, John Cranko's ballet Onegin and Peter Wright's production of Giselle. Richard Jones' new production of

Giulio Cesare opens onMarch 21 (089-221316) Gasteig Tomorrow: Maurice André

plays baroque trumpet concerts with Württernberg Chamber Orchestra. Sat, Mon, Tues: Sergiu Celibidache conducts Munich Philharmonic Orchestra in works by Mozart and Fauré, Sun: Hanns-Martin Schneidt conducts Munich Bach Orchestra and Chorus in Handel's Messiah, with soloists including Alastair Miles and Edith Wiens. Next Wed: en evening with Peter Ustinov (089-4809 8614)

#### **■ STOCKHOLM** Royal Opera Tonight, tomorrow,

Fn: Natalia Makarova's production of La Bayadère. Set, Mon: La boheme (tickets 08-248240 information 08-203515) Konserthuset Tonight: Gennady Rozhdestvensky conducts Royal Stockholm Philharmonic Orchestra in Brahms' First Plano Concerto (Viktoria Postnikova) and Nielsen's Second Symphony. Tomorrow: Bengt-Ake Lundin piano recital. Sat afternoon: Rozhdestvensky conducts Brahms' Second Concerto and Nielsen'e Third Symphony (tickets 08-102110 information 08-212520)

#### **■ STRASBOURG**

Palais de la Musique Tomorrow. Frt: David Shallon conducts Strasbourg Philharmonic Orchestra in works by Dvorak, Rakhmaninov and Stravinsky, with plano soloist Tzimon Barto. March 23 and 27: concert performances of Roberto Devereux with Edita Gruberova (8852 1845)

#### ARTS GUIDE

Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington. Wednesday: France, Germany, Scandinavia. Thursday: Italy, Spain, Athens, London, Prague. Priday: Exhibitions Guide.

Monday: Berlin, New York and

European Cable and Satellite Business TV (Central European Time) MONDAY TO FRIDAY NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY NBC/Super Channel: FT Reports 1230.

Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY NBC/Super Channal: FT

FRIDAY NBC/Super Channel: FT Reports 1230 Sky News: FT Reports 0230,

SUNDAY NBC/Super Channel: FT Reports 2230

Sky News: FT Reports 0430,

Is nothing like an end, nor like T.S. Ellot - Murder in the

from a string of towns: Trav-

has proved a disaster for the



Such is most people's instinctive reaction to last week's brokered agreement tween Croats and "Bosniacs"

suddenly, after nearly a year of savage fighting, in which both sides emulated the methods used earlier by the Serbs to "cleanse" the territory they held of other ethnic groups. Publicity about the Croatplight of the Moslems in and around Mostar, and on the intervention by the Croatian regular army. This partly obscured the fact that in central Bosnia the Moslems have been winning the war and the Croat inhahitants have fled

nik, Bugojno, Fojnica, Konjic, Kakani and others. That explains the US-brokered agreement. The policy pursued by President Franjo Tudiman of Croatia, which was to support a separate Croat state of "Herceg-Bosna" as the make concessions prelude to an eventual partiwestern side, in the hope of tion of Bosnia-Hercegovina between Croatia and Serbia,

Croats. The Croatian army had not succeeded in retrieving this disaster, but its attempt to do so had brought down the west's wrath on Croatia's head. In Croatia itself, the increasingly visible alllance with Serbia was unpopular. All over Croatia there are refugees from the areas, amounting to roughly one-third of the republic's territory, which were conquered by Serh forces in 1991. These refugees, and many of their fellow-citizens, were out-raged at the sight of their own

the Serhs in the carve-up of So Mr Tudjman was glad enough to use US pressure and mediation as cover for his admission of defeat - just as President Slobodan Milosevic of Serhia, and the Serb leaders in Bosnia, seized on Russian intervention to cover their makes sense for the Moslems

government conniving with

# Allies' shaky footing

Croats and Bosnian Moslems make uneasy partners

retreat when faced with a serious threat of Nato air strikes. The Nato action may also have helped to swing Mr Tudjman round. Croatia, wbose whole raison d'être as an independent state derives from its self-image as part of the west (in contrast to the "Byzantine" Serbs), could not possibly take the Serb side once a serious confrontation developed between Serbia and the west. If the west is now at last getting tough with the Serbs, Croatia is bound to put itself on the

If the Serbs did not fear a Moslem spring offensive, they would not

regaining control of its lost ter-

That indeed is the explanation of his volte-face that Mr Tudiman gave to the Croats. For him the agreement is not really about Bosnia at all. A deal with the Bosnian Moslems is simply the price the US requires Croatia to pay for belp in recovering Kratina. It seems there is some truth in this presentation of the matter, since US spokesmen have started saying that sanctions on Serbia will not be lifted until the Kraj-

ina issue is resolved.

Meanwhile, it is not entirely clear how the Bosnian government interprets the Washington agreement. Most international reaction has taken it as a step towards a "two-republic solution" in Bosnia, based on the acceptance that the Serbs of Bosnia will have a separate state of their own, linked to Serbla, and that therefore it

and Croats to pool their resources and develop links with Croatia. This interpretation seemed to be confirmed by the Bosnian prime minister, Haris Silajdzic, when he said in Washington last week that Russian pressure is needed to get the Serhs to agree to a

But another interpretation is doing the rounds in the small pro-Bosnian lobby in London. According to this view, the new Croat-Moslem alliance is a step towards the defeat of Serbia. The Bosnian army has proved itself in battle against the Croats, but also against the Serbs, for instance near Banja Luka where small groups of Bosnian partisans have held far more heavily armed Serb forces at bay. Now, with or without a formal lifting of the arms embargo, the Bosnian army will be strengthened by the Croats' change of sides and the opening of supply routes

Such hopes are mirrored by Serb fears, as reported in an AP despatch from Banja Luka at the weekend. The author, Julijana Mojsilovic, reports Serb fighters as dreading a Moslem spring offensive. Superior Moslem numbers and morale are beginning to tell in thickly-wooded terrain where

from the coast.

heavy artillery is of little use. It is tempting to believe that the hold of Mr Radovan Karadzic, the Serb leader in Bosnia, and his thugs could be broken by a short, sharp spring offensive with western support. It is tempting to helieve that the Serbs would then agree to eace on similar terms to the Croats, joining the new federal republic, while Serhia itself could join the proposed confederation with Bosnia and Croatia - thereby recreating a loose, confederal Yugoslavia such as the Croats and Slo-

venes were demanding before

the war broke out.

Tempting, but dangerous. It is good that the Serbs should fear a spring offensive, since witbout that fear they are unlikely to make the territorial concessions which are essential for a two-republic solution to work. But the Bosnian government would be taking a risk with the lives of its own citizens if it spurned such a solution and staked everything on a continuation of the war. And those in the west who support the Bosnian cause would take a great moral risk if they encouraged the government to adopt that course.

# THE FT INTERVIEW: Sir Denys Henderson, chairman of ICI

t is only eight months since Imperial Chemical Industries split itself in two, and already the world seems almost to have forgotten the fact. Two weeks ago, the first full-year figures from the new ICI passed off without fanfare. Last week's results from its sister company Zeneca were equally rontine. One of the most drastic upheavals in British corporate history seems to have passed

off with scarcely a ripple. This arouses mixed emotions in the breast of Sir Denys Henderson, chairman of both ICI and Zeneca. On the one hand, he argues, silence suggests the demerger was a good thing. If it had shown signs of going wrong hy now, "everybody would have been jumping up and down pointing out what a balls we'd made of it".

So far, the evidence is all the other way. ICI's pre-tax profits last year were up 78 per cent, Zeneca's 42 per cent. More can, damentally, since the demerger was announced in July 1982, the combined value of the two companies has risen by twothirds, while the stock market has risen only by half

On the other hand, Sir Denys is plainly irked that so little credit has been given for what he calls "the greatest manage ment story never written". As he tells it, the main feature of tbe exercise was the sheer hard slog involved: not just hammering ont the basic plan, hut then sorting out the legal, fiscal and commercial tangle of splitting up 500 companies and 130,000 people across the world. This prompts an obvious

question. Before demerging. ICI reviewed all its strategic options. The one it plumped for was the most risky and time-consuming. Given the drawbacks, what made demerger so very desirable?

Sir Denys has the answers off pat. Consider, be says, how the world of the 1990s differs from anything that has gone before. Economic growth is going to be slow and painful. The classical chemical industry has largely run out of ideas. It faces competition from new parts of the world, such as the Asia Pacific region, and is ohliged to spend more on the environment than It can readily afford. The collapse of communism has created chaos in the markets of eastern Europe, and has harmed a valuable customer in the form of the defence industry.

Fair enough. But still, wby was demerger the best answer?

Corporate camps divide and prosper

The answers here are murkier since they concern not only external factors but the internal workings of ICL The truth seems to be that demerger was the only way to address flaws inherent in the ICI culture; and Sir Denys, a company man to his backbone, is not about to criticise ICI if he can help it.

To begin with, It is clear that the abortive raid on ICI hy the acquisitive cooglomerate Hanson in May 1991 was more formative than ICI has previously cared to admit. It caused Sir Denys and his board colleagues to address themselves afresh to two central constituencies: ICI's sharebolders, and its managers. The response from both was unsettling.

We had the naive belief," Sir Denys says, "that in the heart of every fund manager was a little bit labelled ICI." In fact, many of the institutions proved indifferent or hostile. At the same time, the directors sounded out their senior managers. Again, Sir Denys says, the reaction was unexpected. "They clearly did not wish to have Hanson come in, but equally they were less convinced about the cohesion of ICI and the synergy across the group than we had imagined."

The important point here is that if Hanson were to hid, It would have been on the basis of a break-up. The ohvious defence would be that ICI was an indivisible entity. Its managers were no longer sure about that. Nor, on reflection, were the directors.

The purpose of a break-up would be to release shareholder value. This was a point on which ICI's directors were becoming increasingly aware of their shortcomings. Historically, Sir Denys says, shareholders had occupied a bumble position in the ICI scheme of things. "A predecessor of mine - no names, no pack drill said to me, 'Denys, you seem to spend a lot of time worrying about the share price. I'm not bothered about it. I just want to get the technology right'."

Historically, this is unsurprising. The 1950s and 1960s were a period of phenomenal growth for the chemicals industry. "Even when I joined



Sir Denys Henderson: 'None of us saw this as a magic wand'

ICI in 1959," Sir Denys says, "we had sales control departments. You could sell every damned thing you could

In spite of oil shocks and recessions, traces of this attitude seem to have survived into the 1990s. The chief executives of the individual husi-

Be clear on one thing. It will be a while before each company proves how it can grow'

nesses, Sir Denys says, were slow to accept that shareholder relations, dividends, tax and interest bills at the corporate level were their concern. This, he says, lay at the heart of a further problem: that they were unduly optimistic about what they could achieve.

As a result, he says, iCl's investments had not heen delivering the goods. The remedy was plain: "The CEOs needed to understand that there had to be a corporate performance and a corporate rela-tionship with shareholders."

The reaction of these same CEOs to the demerger proposal was thus crucial. Ten days before the demerger was made public, they were summoned to the bead office. The message was that the board was unhappy with their results and wanted them to explain them-

"They all came in, somewhat apprehensive," Sir Denys says. "I started off by saying: 'we aren't happy, that's all true, but there's a little bit more than that'." On being told of the demerger, he says, "they were first of all stunned, then their reaction was universally favourable."

Ten days later, at the final briefing, some were sbowing signs of second thoughts. "There was a feeling of 'hmm this is going to carry more exposure with it. With greater responsibility comes greater accountability'. According to Slr Denys.

though, the first reaction proved the right one. The CEOs, he says, have enjoyed a release of energy. There is a better interaction with the centre. They have a better oppor-tunity to put across their view-point, not just on their individual husiness but the

company as a whole."

One practical instance is that both Mr Ronnie Hampel, chief executive of the demerced ICI, and Mr David Barnes, his opposite number at Zeneca, now have regular monthly meetings with their CEOs. In the old ICI. Sir Denys

says, this was not feasible,

hen I was first a division chairman, I used to go to the quarterly business meetings which the main board would have with the equivalent of the husiness CEOs. They were pretty use less meetings. Everybody was busy showing what a splendid chap he was and bow well his

husiness was doing." ICI, in short, was suffering from a baronial culture, in which the chiefs were more concerned with competing than with the corporate good Sir Denys points out, a touch defensively, that in any large corporation there will always be tension between the centre and the individual businesses. But the real snag about the haronial culture, it is clear, was that it made it harder to allocate capital for investment.

"We were too much con-cerned with fair shares for all," Sir Denys concedes. As a result, some of ICI's more geriatric businesses - Sir Denys's phrase - were cross-subsidised when they should have been given the hullet.

A large part of the argument for demerger is that in tha 1990s, speed of response is more essential than ever hefore. Hence the case for demerger, whereby the suppression of sectoral interests allows faster reaction towards a common purpose.

But as Sir Denys freely admits, structural change is only the starting point. "Be clear on one thing," he says. "It will be quite a while before each company proves how it can grow. None of us saw this as a magic wand. It's the opening of a door, and it's saying to each company 'you have a new start, but you've got to get on

Tony Jackson

FINANCIAL TIMES MAGAZINES

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# THE CITY INSIDE OUT

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

#### Prominent criticism

From Mr Graham J Chambers. Sir, Mr Savic (Letters: "A lesson for the self-righteous", March 5) suggests that Malaysia "is reacting to the proposi-tion that the British and other western governments...gener-

ally know better". Dr Mahathir said nothing like that. The Malaysian prime minister's grievance, as the FT editorial comment (Fehruary 28) stated, is with the UK press, and as the wealthy libel lawyers would perhaps testify, he is not alone.

If Mr Savic thinks the Murdoch press is in hock to the government, then many bapless members of this adminis tration can draw comfort from avolding the mauling they might have received from a less sympathetic organisation. As far as the government is

concerned, you quote the essential charge as being one of hypocrisy. If that is all, then we can all sleep easily, as nothing fundamental has changed. Linking money to services provided is not new. I understand it has even been known to hap-

pen in journalism. However, Mr Savic may wish to ponder the premise that, If the situation bad heen reversed, would a similarly critical letter have received as much prominence in Malaysia's New Straits Times? Graham J Chambers, 26D Shepherds Hill, London N6

# CAP reforms or protectionism in many ways equivalent to export subsidisation.

From Jörg Schimmelpfennig. Sir, The warning issued by Mr Rene Steichen, EU agriculture commissioner ("East Europeans warned against farm protectionism", March 4), reveals the blatant arrogance of the Common Agricultural Policy.

As Professor Paul Krugman has shown in a seminal article published in 1985, in an industry exhibiting increasing

grasp: by hindering farm inputs, domestic agricultural production is increased, per unit costs are reduced and, thus, export chances enhanced. By the same argument, a popu-

The intuitive idea is easy to

lar fallacy about the CAP can be exposed as well: instead of assisting developing countries by lowering their food prices, it cripples their farming Indusreturns to scale - such as agri-culture - import protection is cripples their farming Indus-tries and deprives them of for-

eign exchange earnings Consequently, Mr Steichen's demands amount to nothing else but denying east European countries the same weapon the EU is employing against them. Without any real CAP reforms, we shouldn't be surprised to see agricultural protection con-

timue its disastrous spread Jörg Schimmelpfennig. Department of Economics. Universität Osnabrück, D-49069 Osnabrūck,

### Serious fraud investigations should not take forever

From Mr David Lloud-Jacob. Sir, You report that in response to a parliamentary question about the Serious Fraud Office's investigation of matters involving the flotation of this company, the attorneygeneral said that the investigation was being "pursued rigor-ously" ("Call for early Butte inquiry verdict". March

The attorney-general is no doubt practised at believing the improbable.

The truth of this matter is that the Serious Fraud Office

ill-directed. It has been much improved in the last two months, how-This is not a criticism of the

investigation, for the first 18 months, was understaffed and

a £100m fraud. It would be a pity if it were generally believed that serious fraud investigations in Britain had to take forever and be done badly.

individual police officers, who

have behaved excellently; it is

a criticism of their direction.

and of the inappropriate

nature of the resources allo-

cated by the SFO to investigate

With proper briefing and direction, successful fraud investigation in cases such as Butte should take months, not years. David Lloyd-Jacob.

chairman, Butte Mining. Abbey House. 74|76 St John Street ECIM 4DT

### Two-pronged trade game

From Professor Ronald Dore. Sir, When US President Clinton punishes the naughty Jap-anese by banning one of their lucrative exports, how should the Japanese respond in this gentlemanly game of tit-for-tat? Instead of refusing to buy American soya beans or oranges, why not ban the export of something - liquid display screens, for instance?

As to how to prevent this slowing recovery from the recession, the European Union has shown the way. Build up an LD mountain by government purchases and sell off cheap to America's competi-

Ronald Dore, London School of Economics, Houghton Street, London WC2A 2AE

### Non-executives' role was the focus of quotation

From Mr Owen Green. Sir, Sir David Plastow's let-

ter ("Non-executive directors' input is invaluable", March 5) appears to be a delayed kneejerk reaction to my Pall Mall

A reader may prefer my generally accepted, though quite sparing, use of byperbole -"hlunting the edge" - in making a point, to his somewhat crude rehuttal - "ill-informed

After all, one does not need to have been an automotive engineer in order to recognise the difference hetween the essentials of a vehicle and lts trim.

Edgehill, As a matter of record, the

quotation related not to nonexecutive directors as such but to those requirements of a code which over-emphasise their monitoring role; their independence from the husiness of the company: and to their

activities. Sir David has been fortunate. or otherwise, in that his many experiences appear to have arisen through company needs rather than from regulatory

Owen Green, Succombs Hill. Warlingham.

## Cosy club where favours can be reciprocated

From Mr Bill Budden.

Sir, I am not surprised by the praise that Sir David Plastow beaps on to non-executive directors (Letters, March 5). He would say that, wouldn't he? Of course he wishes to percontrol over decision-making

petuate this cosy cluh within which chairmen may reward others for past favours or grant retainers and expenses for a few days' attendance a year in exchange for the same favour on the other's board. It is also a means of enhancing pensions for retired MPs and others.

Do Americans call them freeloaders? I recall the high numbers of non-execs who served on the boards of some of our one-time | Dorsel DT6 3SA

great companies like Rolls-Royce and Dunlop before they went into decline. I remember how many times, when the Serious Fraud Office has been called in elsewhere, the non-execs have departed crying: "These facts were not available to me.

Why is it that company directurs think they should receive several concurrent incomes at shareholders' expense?

appland the policies of BTR. Lonrho and Amstrad. Who is Cadbury anyway? Bill Budden, Smishops,

Loders Bridgort,

# FINANCIAL TIMES

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# How Europe can compete

The European Union plc is not engaged in a zero-sum struggle for economic survival with the US Japan, or even China Inc. On the contrary, peaceful economic rela-tions with other economies offer opportunities for mutual enrichment. The question is whether Europe can take advantage of those opportunities. Only thus can it hope to offer a steadily rising standard of living to all Euro-

tie m

The EU has much upon which to build. Its member states possess only 6% per cent of world populaonly 6% per cent of world popula-tion, but generate 25 per cent of global economic output, at market exchange rates, and 18 per cent, even at purchasing power parity. Its disproportionate share in global economic activity, though bound to fall, demonstrates how large is the reservoir of physical capital, skills and knowledge on which it is able to draw. Nor has recent overall performance been notably dismal: total EU output has risen 30 per cent since 1980, the increase being almost as large as China's total gross domestic product in 1990.

Current gloom is exaggerated, this being partly because of the recession. But there is reason for gloom, all the same, as the FT series on European competitive-ness, concluded today, has shown. Total EU employment is, for example, up only 6 per cent since 1980, against 18 per cent in the US; output of manufactures is up 18 per cent over the same period, against 36 per cent in the US; and the share of EU external exports in world exports of manufactures is down from 22 per cent in 1990 to

18 per cent in 1982. Patent filings in Europe have not increased since 1987, while in the US they have risen by 30 per cent. European epending on research and dsvelopment has declined over the 1980s, relative to . that in the US and Japan. High technology products account for nearly a third of US exports; but less than a fifth of those from western Europe. To this picture should be added the odd telling vignette. General Electric of the US targets European competitors, but avoids Japanese ones, while airline operating costs are 48 per

Europe suffers from high unemployment and poor job generation. European firms tend to be weakest in the world's most dynamic industries. And the European economy's poorest performance is in industries most exposed to international competition.

cent higher than in the US.

#### National champions What lies behind the failures?

First, far too much of the European economy remains shielded from competitive pressures. Second, European monetary policy has occasionally been seriously misjudged. Third, labour costs are too high and the labour market as a whole too heavily regulated and taxed. Finally, business has too often failed to respond to the challenges of the market place. Solutions must be found partly at the level of the EU as a whole, partly by the individual member

Too many sectors of the European economy remain protected from effective foreign competition and balkanised by the provision of state aids, the promotion of national champions, the persistence of regulatory barriers and use of discriminatory public procurement. At least one and often several of these limitations on of all its citizens.

The UK government will shortly

begin to consider which renewable

energy projects should qualify for

subsidies under the latest round of

the non-fossil fuel obligation. The Noffo, as it is known, obliges elec-

tricity companies to buy some of

their power from generation sources other than coal, oil or gas,

and it finances the extra cost by

imposing a levy, currently 10 per

cent, on electricity bills.
Although the greatest proportion of the levy goes to the nuclear

power industry, about £20m a year

is available to support "green" energy. The money is allocated through a combination of competi-

tive hidding by applicants and

ministerial judgments.
By all accounts, the new Noffo

round will be heavily oversub-

scribed. Applicants are proposing

a variety of projects ranging from solar and tidal power to landfill

gas and coppicing. But the most numerous contenders by far are

In the past, the subsidy has

been seen as a benign element in a

states and partly by businesses.

competition apply to industries as important and diverse as agriculture, textiles and clothing, steel, aerospace and defence equipment, motor vehicles, pharmaceuticals, financial services, telecommunica tions, energy supply and civil avi-ation. Virtually all of them need to be subjected to greater competi tion and less protection, a job that

fails to the EU as a whole. Monetary policy is still a matter for member states, but under the ERM and now the Maastricht treaty, it is also increasingly a matter for the EU. Here serious errors have been made, with the current recession partly the result of an over rigid response to Ger-man unification. But now that both inflation and inflationary expectation in core countries of the EU have been lowered, the cost of disinflation should not need to be repeated.

Liberal approach Management of the labour market, training and the welfare state is a task for member states. They are in a position to choose among elements of liberal and corporatist

approaches to reform. The liberal approach, often labelled the "Anglo-Saxon" model, would be based on labour market deregulation and lower taxes. Its main benefit is likely to be greater growth of part-time service sector jobs. Its major defect is likely to be less overall investment in skills

and greater inequality in pay. The corporatist approach, some-times called the "Rhine model", would emphasise a shift in the tax burden from unskilled to skilled labour, combined with subsidies to unskilled labour and training, and an effort to keep the growth of real wages below the growth of labour productivity. The main benefit of this approach is likely to be more investment in akills and greater equality among working people. The main drawback is

likely to be less job generation. What is needed here is more experimentation. Each country can learn from others. But it can do so only if it is allowed to diverge from the others. The danger of the EU's social programme is that this desirable diversity

might be prevented. Finally, searching out market opportunities, exploitation of new scientific discoveries, linking np with institutions of learning, training workers and responding to competition fall largely on business itself. Too many busin have remained dependent on the state. They must learn to become dependent on themselves. There is a great challenge con-

fronting the member states of the EU. It is, in President Clinton's phrase to "compete, not retreat". Much has already been achieved, in the single market programme, in the moves towards privatisation and liberalisation and in the lowering of inflation. But much also remains to be done. The temptation to believe that

Europeans cannot meet the new global competition will be strong. But it must be resisted, since a retreat into the cosy world of protection would doom Europe to rapid relative decline. Europe will never possess the uniform mass market of the US or the homogeneous culture of Japan. Its strength lies in its diversity, now contained within the integrating edifice of the EU. The task facing politicians is to find effective means of exploiting that diversity in order to serve the common ends

#### be concrete bunkers along the windswept Cumbrian shore are some of the most closely guarded places in the world. Inside the heavy doors, a corridor stretches away for dozens of yards. Sealed trunks are stacked high on each side, as in a bank vault. Each contains a cylindrical canister 18 inches high, and within each canister there are smaller ones, like Russian dolls. At the heart is a white crystalline powder: plutonium oxide

That is how civil plutonium, produced in the core of the UK's nuclear reactors, is stored at British Nuclear Fuels' Sellafield site. Its £2.8bo Thorp reprocessing plant -given final approval to start operat-ing by the High Court last week will add 5 tonnes a year to the world's supplies of usable pluto-nium by separating the material

from used reactor fuel. The military aspect of plutonium can be seen at the US Department of Energy's Pantex nuclear weapons facility in Texas, which holds 6,000 grapefruit-sized spheres of pure shiny plutonium mstal removed

from redundant hydrogen bombs. Plutonium is one of the most dangerous substances created by man. taking account of all its political, economic, military, environmental and radiological implications. It did not exist on the earth until the 1940s, when it was created in the Isboratories of Los Alamos, deep in the US desert, in the race to build an atomic bomb.

Now the world has about 1,100 tonnes of phitonium - in weapons. separated civil plntonium and unprocessed used fuel rods from nuclear reactors - according to Willism Walker and Frans Berkhout of the Science Policy Research Unit at the University of Sussex, who compile the most comprehensive world inventory of nuclear materials. They say the global stockpile is increasing by 60 to 70 tonnes every

For two decades after it was first created, plutonium was expected to be the wonder fuel of the future. Governments expected it to become the driving force of an expanding nuclear industry, as uranium grew

increasingly scarce and costly. As recently as 1971, Professor Glenn Seaborg, head of the US Atomic Energy Commission, surmised that "plutonium could even replace gold as the international monetary standard - at least it has real intrinsic value".

Yet today plutonium is widely regarded as a menace with a negative value, Japan and France, the two countries whose enthusiasm for the civil use of plutonium lasted longest, are now scaling back their plans for fast-breeder reactors which generate plutonium by burn-

Last month France announced that it was converting its \$4bn Superphénix fast breeder, which has been mothballed for the past four years, into a research reactor to look at ways of burning up plutonium - the opposite purpose for which it was designed.

T obody has been hurt

more by the surge in

raw materials' exports

# Wonder fuel to burning question

World stockpiles of plutonium are growing. Clive Cookson and Bronwen Maddox examine the problems of keeping it safe

Although the Japanese Monju fast breeder will start up this year, several years behind schedule, its planned successor has been postponed indefinitely. So has Japan's own reprocessing plant, totended to extract platonium and uranium from spent nuclear fuel like Thorp and the equivalent French plant at

Cap de la Hague, Normandy. French and Japanese enthusiasm has cooled partly because uranium has remained plentiful and cheap (see below). To a considerable extent, uranium and plutonium are interchangeable nuclear fuels - and plutonium is so much more dangerous and more difficult to handle that it will only come into its own if and when uranium becomes scarce. At the same time, large fast hreeder reactors have proved tech-nically more difficult and expensive to develop than nuclear engineers

The plutonium Itself has also brought new problems, not antici-pated when these projects began. For a start, it is difficult to store, decaying into other radioactive substances which are more difficult to bandle safely than pure plutonium. But particular concern now focuses on the threat of weapons proliferation, and on ways of safeguarding and transporting the growing pluto-

nium stockpile. Most of the world's plutonium is mixed up with uranium and other radioactive waste in used reactor fuel; this cannot easily be made into bombs. The greater problem arises from the 90 tonnes of plutonium that have been separated from civil reactor waste, and from the 50 tonnes of excess military plutonium expected to result from dismantling thousands of Russian and American miclear warheads.

Critics of the UK's Thorp reprocessing plant say that it will increase these dangers by separating out plutonium that would be less of a proliferation hazard if it remained mixed in with the nuclear

The US National Academy of Sciences reported recently that, con-trary to popular assumption, civil plutonium extracted from reactor fuel is adequate for making bombs "of at last 1 or 2 kilotons", equivalent in impact to 1,000-2,000 tonnes of high explosive. The amounts



Mr Walter Patterson, an energy analyst at the Royal Institute of International Affairs, points out that plutonium acquired illegally by terrorists would probably havs undergone radioactive deterioration and would be unpredictable. "They couldn't make small, elegant bombs to put on warheads, but if they were happy to use a pickup truck as a delivery vehicle, they could still wipe out much of a city," he says.

A study carried out last year by

the Rand Corporation, a US consultancy, for the Defence Department, concluded that within a decade the world would have enough surplus plutonium to make 87,000 primitive nuclear weapons.

Faced with continued growth in the plutonium stockpile, govern-ments have been wrestling with the question of how to put it beyond the reach of would-be bomb-makers. A favoured option is to combine plutonium with uranium to burn in existing nuclear power plants as

"mixed oxide fuel", or Mox. British Nuclear Fuels is pinning its hopes on Mox to soak up much of the plutonium coming out of its new Thorp reprocessing plant. Although Mox fuel assemblies have been used on a relatively small scale in pressurised water reactors (PWRs) since 1963, Mr John Culness, BNF chairman, predicts that the technology is about to take off

in a hig way.

However, Mr Walker and Mr Berkhout at Sussex University believe that BNF is overestimating the likely popularity of Mox in the next decade, because straightforward uranium fuel is so much easier to handle. They predict the amount of separated plotonium will grow by at least 50 tonnes in that period.

More spectacular suggestions for disposing of surplus plutonlum range from exploding it deep underground to launching it into outer space. Although the National Academy of Sciences dismisses these as impractical, it favours two other options: converting plutonium into glass blocks mixed with radioactive wastes, and burying it in bore holes

ut such measures can-not provide the whols answer. Nuclear security specialists say the toternational system for monitoring and controlling pluto-nium also needs urgent improvement. The greatest risk comes not from plutonium separated by repro-cessing in France and the UK, but from material extracted from for-

mer Soviet warheads or produced in reactors in third-world countries. North Korea's refusal last year to allow inspections of two sites by the International Atomic Energy Agency, the UN nuclear watchdog. highlighted the weaknesses of international agreements for monitoring plutonium and uranlum. It also raises questions about whether the Nuclear Non-Proliferation Treaty, under which signatories must permit these inspections, can survive when it comes up for renegotiation

The IAEA points out that It will need more resources simply to carry out its present task of inspect-ing the world's radioactive sites, a task which is becoming politically more cootroversial and technically

Although the IAEA does not initiate policy, it says its preferred option is to see international sites developed for stocking the world's plutonium - if so, Sellafield would be one obvious location. Mr David Kyd of the IAEA points out that the agency's statutes would allow it to play the role of plutonium care-

But the problem is too complex to admit an easy answer. Quantities of plutonium in the world are increasing, sven though development of ceful uses for the material has been frozen. According to Mr Kyd: "The point we've been keen to drive home to people is that there's a problem out there, in the mid-1990s, as nuclear weapons are dismantled that problem will get more acute."

# Awash with uranium

Kenneth Gooding explains the market's poor prospects

to the west that followed the break-up of the former Soviet Union than the uranium producers. Some are bracing themselves for in the doldrums for a long time. Prices peaked at \$45 a pound in perhaps 20 more tough years ecause military stocks, built up by the superpowers during the cold war, are becoming available for the 1978, when oil costs were rising sharply and demand for nuclear first time on world markets. nium is as a nuclear fuel.)

Russia has agreed that the US can convert highly enriched uranium, used in nuclear weapons, to low-enriched uranium. This can be blended with other uranium for use as commercial nuclear fuel. An estimated 500 tonnes of highly snriched Russian uranium are available, equivalent to 150,000 tonnes of commercial fuel - enough to keep the west's nuclear reactors supplied for about three years. As a result, uranium mines have been closing in Canada, the US and

The uranium industry has been

even in some former eastern bloc

A great deal of uranium is still sold directly by producers to con-

sumers on long-term contracts, but enough is sold in the free market for the US and Europe to worry energy was expected to grow. (The only large-scale application of uraabout the market's over-dependence on CIS material. Some coun-Over-optimistic forecasts of tries have curbed CIS imports. demand contributed to the build-up Consequently, a two-tier price of nearly 80,000 tonnes of surplus system has developed. For counmanium in stocks at power compatries with no import restrictions. the uranium price is about \$7 a nies in the 1980s. The market dete-

riorated further when brokers and pound, its lowest ever level in real other intermediaries were allowed terms. For those with restrictions to sell some of this uranium to new on CIS uranium, the price is about \$10 a pound. More recently, hrokers also gained access to urantum stockpiles in the Commonwealth of Inde-

Even at \$10, only the lowest-cost mines (in Australia and Canada) can hreak even. However, some producers have unbreakable longterm contracts to supply utilities at higher prices, even above \$20 a

worthwhile for them to close mines and buy uranium in the free mar-

According to the Uranium Institute, an international industrial association, the total supply of freshly produced uranium - from mines and reprocessing of used nuclear fuel - was only 35,000 tonnes in 1992, compared with demand for 53,000 tonnes. The gap was made up from the world's

large uranium stockpile.

The institute's present forecasts suggest this imbalance will continne. Even if all uranium mines worked at full capacity, they could supply only 55,000 tonnes in 2000 and 49,000 tonnes by 2010. But Mr Peter Wade, managing director of North Broken Hill Peko,

a group that controls the Ranger uranium mine in Australia, says production or new ones be developed until prices moved back to between \$16 and \$18 a pound.

Meanwhile, demand remains sluggish. The institute reckons that it will be 64,000 tonnes in 2000 and

no higher in 2010.

The supply deficit cannot continue indefinitely. Eventually the stockpile of available uranium will

Prices, however, are not expected to recover to the medium term. The agreement between the US and Russia for converting highly enriched uranium into power station fuel specifies it should be organised in a way that "will have no adverse impact on US consum-ers or the mining and processing

industries". But some producers

fear that the existence of the extra

stock will give consumers the feel-

ing the world is still awash with

excess urantum, and depress prices

### Red in tooth and Klaus

■ Vaclay Klaus, the trascible Czech prime minister, was in fine fettle at the Adam Smith Institute in London yesterday.
"The Czech republic is no longer

a post-communist country in transition . . . Now we're a normal country adjusting to the post-transformation realities," he told his pinstriped audience. "Our inflation is 10.9 per cent - but that's annual, not monthly as elsewhere in the post-communist world - and our unemployment, at 3.8 per cent, is at levels which Mr Major can only dream of." Splendid. Wait a minute. What about the

notion that Czech unemployment is relatively low only because the country has yet really to make a start on painful economic restructuring? Steam emerged from Klaus' ears.

"Nonsense." he barked. High

unemployment comes from slow restructuring: low unemployment from rapid restructuring. Ergo. the Czech republic's low unemployment is proof of successful, rapid restructuring. Breathtaking logic. But Klaus was reminded that restoring government wage controls last year

seemed to contradict his famed love of laisser faire capitalism. Nonsense again, "Part of a rational wage policy," came the huffy reply. And keeping wages artificially low is of course a million miles away from maintaining disguised unemployment, that typical feature of socialist full employment.

pendent States, as the new repub-

lics became desperate for bard

In a state

currency earnings.

■ Michael Cottrell may have been sipping a bit too much of his own product. The chairman of Taunton Cider announced a deal selling his up-market scrumpy into the US market, via Molson USA.

A crowing Cottrell reported that, as Molson had an established network of distributors across all 51 states, the fit was perfect. "As far as I know there are still only 50," said a puzzled US embassy in London.

Secrets Anonymous

■ The new Commons select committee on the intelligence services is proving a useful arena for Douglas Hogg, the Foreign Office minister, to hone his wit on behalf of the Tories.

Yesterday it listened as Lahour member Peter Mandelson – cudgel-wielding on behalf of the UK's top civil service union, the First Division Association - asked Hogg what a member of MI6 should do if he or she found a divergence between their own and the government's definition of "the interests of national security". Hogg thought such

Do you want a smoking flying bishop or a non-smoking flying bishop?

(BANX)

a possibility "inconceivable". But what should intelligence officers do if they felt there was a genuine conflict between how they saw the national interest and how government ministers regarded it? "See a counsellor," murmured

Crying wolf

■ The idea that Martin Sorrell is about to sell off or float "up to" 50 per cent of the market research entities of his mammoth WPP advertising group needs closer examination. Not to see if it's

sensible; with debts of £361m it clearly is. But Sorrell has talked about doing it for the past two years - since March 1992 - and little enough has happened so far. Having worked so hard to build up WPP, Sorrell is not keen to see it fall apart. He hates the thought of selling anything.

Altogether now

Far from the European Union resulting in some boringly homogenised bureaucratic idiom, it has actually thrown up some riveting divergences. Thus British proposals about unemployment have been published with translations adapted to local sensibilities. In the English text, (pre-Maastricht) European Community, the French version calls it the (post Maastricht) European Union. Thus are sensibilities soothed.

Repair job

Putting a couple of bankers in charge of the Housing Corporation, the government's biggest quango, is going to ruffle a few feathers. Midland Bank boss Sir Brian Pearse, the new chairman, is not a housing man and Peter Cooke, his deputy, made his name as the Bank of England's first proper bank regulator. What do they know about housing poorer people?

True, Cooke has been on the Housing Corporation board since 1988 and Pearse knows a bit about the business since he's been lending money to house-builders for a very long time. Pearse, a Liverpudlian whose face never fitted in the patrician corridors of Barclays, has more of a social conscience

than some big banking types. Even so, the arrival of Pearse and Cooke suggests that the government may be more interested in pandering to the City than to the social housing lobby. With government housing handouts set to fall, the City is being required to fill the increasing shortfall.

Meanwhile, having an ex-bank regulator as a deputy chairman may help calm fears that the Housing Association movement may be becoming a hotbed of financial hanky-panky with unpaid volunteers handling vast sums of money.

Car ping

■ Clearly the people at Ford who invent brand names have run out of steam. At the Geneva motor show Ford has displayed its latest offering, called Ka; really inventive,

boys. Still, what can we expect from the company which in the past has given us the Tudor (two-door) and its sister Fordor, and colours such as Hulla Blue, Thanks Vermilion and Freudian gilt. Next year? The

Heep, the Dogg, the Skrapp?

worthy environmental cause. But this time it coincides with an upsurge of public concern about the proliferation of wind farms in some of the country's most beautiful landscapes. The allocation of contracts will therefore be subject to close public scrutiny.
Contrary to the impression envi-

Tilting windmills conmentalists would like to convey, the case for renewable energy is not very strong. There is no shortage of energy (the UK's oil and gas reserves continue to grow, and output is about to set new records), and there is little domestic technology to protect. The environmental argument carries some weight, but far greater gains could be achieved by raising the performance of existing plant than by encouraging uneconomic green

> An efficiency gain of only 3 per cent in energy use would save more electricity than could be produced from all the renewable energy sources likely to be up and running by the year 2000 - and would avoid the visual hlight of much green power. Unfortunately, Noffo money can

only be spent on renewables. There is some consolation in the fact that the system of competitive bidding is a spur to efficiency. But since the government sees Noffo as a talisman of its commitment to environmental matters, there is doubt about the rigour with which it vets the projects which come before it. The only justification for sobsidising any power project, renewable or otherwise, is if it can stand on its own feet within an acceptable time frame. The taxpayer owes no favours to green

# Observer



# FINANCIAL TIMES

Wednesday March 9 1994



# US urges compromise on labour reform with Europe to create jobs

By David Goodhart and Robert Taylor in London and

Washington is calling for a US-European compromise on labour market reform to create jobs, with the US investing more in education and training and European countries reforming inflexible labour policies and wage-setting restrictions.

This is the central argument of a paper, mainly written by Mr Robert Reich, the US labour secretary, circulated to Group of Seven governments before next week's jobs summit in Detroit.

Although the UK government claimed yeeterday its deregula-tory approach should be a model for other countries, the US paper saye "no country has yet found the right approach to adjusting and succeeding in the new world

It also emphasises that labour market reform is not a substitute for creating economic demand. "Countries that pursue structural improvements without taking etens to increase aggregate demand will see little or no return for their efforts," the paper says.

This reflects continuing US irritation with the refusal of other G7 countries to adopt more expansionary policies. The paper says a typical developed country with annual productivity growth of 1.5 per cent and labour force sion of 0.5 per cent must grow at a real rate of more than 2 per cent a year just to bold unemployment constant.

It says that over the past two

decades Europe has experienced

substantial real wage growth but stagnant employment. In contrast America bas experienced buoyant private sector employ-ment but with growing wage dif-ferentials and declining real pay for less-educated workers.

It adds that the main labour market problem in G7 countries is a chift in demand from less-educated workers towards workers with problem-solving skills. But compared with changes in technology, it argues that expanding trade with lower cost countries has had only a modest role in this shift.

"Increased globalisation and technological change have raised the knowledge content of goods in which G7 nations have a comparative advantage. If properly managed this shift in demand can lead to rapidly growing econhigh-skill jobs."

The paper coocludes: "All G7 countries need to think about improvements in policies to facil-Itate transitions from school to work, work to work, and unemployment to work. All G7 countries need to maintain a commitment to an open world trading system, but competition should be based on investments in quality and innovation with workers viewed as assets to be invested in and not just costs to

be minimised". While eome in the US have argued that their country has little to learn about employment policy from Europe, with its much higher unamployment rates, the Clinton administration believes that it can benefit from European lessons.

Republicans demand hearings into allegations of attempts to obstruct probe

# linton names Carter official as counsel

By Jurek Martin in Washington

President Bill Clinton yesterday reached into the upper echelons of the Washington establishment for assistance over the Whitewater affair hy appointing Mr Lloyd Cutler as his new White House legal counsel.

Mr Cutler, 76, who served in the same capacity in the troubled last year of the Carter administration, said before the official announcement: "I've done It before, as you know. You don't look forward to it, but you do it, You're asked to do it and you have to do it."

The White House bas said for several days that it was icoking for "a Lloyd Cutier-type figure" of unquestioned stature to replace Mr Bernard Nussbaum, whose resignation was announced last weekend. Mr Cutler is believed to have insisted that he be regarded as counsel to

the office of the president, rather than as Mr Clinton's personal attorney

News of the appointment did not deter Republicans from insisting that congressional hearings be held into allegations that the White House has sought to ohstruct Investigations into Whitewater. The affair involves Mr and Mrs Clinton's land and financial dealings in Arkansas in

Congressman Newt Gingrich of Georgia said yesterday the legis-lature had "an independent obligation to investigate and to inform both itself and the country". Republicans have already threatened to hold up the nomination of Ms Ricki Tigert to run the Federal Deposit Insurance Corporation if the Democratic leadership refuses to agree to

Mr Glngrich also dismiseed objections from Mr Robert Fiske, the independent counsel investigating Whitewater, who wrote to congressional leaders on Monday that hearings on Capitol Hill "would pose a severe risk" to the

integrity of his inquiries.

Mr Fiske is aware of the Iran-Contra precedent, where grants of immunity from prosecution given by Congress as a precondition for testimony ultimately resulted in the conviction on criminal charges of Lt Col Oliver North being overturned on

But Mr Jim Leach from lows, senior Republican on the House banking committee, eaid there was no reason why anybody called to testify over Whitewater should be granted immunity, His committee already has plans to question Treasury officials later this month.

The Democratic leadership in Congress, according to Mr Leach,

dilemma, not wanting to appear to obstruct the investigation but also not wanting to embarrass the president, thus jeopardising his legislative programme.

Mr Tom Foley, Speaker of the House, has warned against the legal complications that might follow hearings, but has not come out flatly against them. Mr Clinton himself opened up a

possible new avenue of inquiry on Monday when he said he had been told sometime last October that federal regulators wanted a criminal investigation of Madison Guaranty, the Arkansas savings and loan institution at the heart of the Whitewater affair.

He insisted that this information had been routinely passed on to him and was the limit of his knowledge of contacts between the White House and other departments.

Democrat troubleshooter, Page 5

#### THE LEX COLUMN

# Manufactured excuses

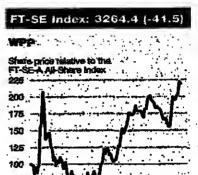
Two worries hit UK vesterday. One was the possibility that January's strong industrial production figures might deter the authorities from cutting interest rates again; the other was that some large rights issues were in prospect. If true, the ister would indeed be cause for concern. There is limited new cash going into the market at present. Any that is steered towards equities is meeting a plentiful supply of new issues. Yester-day's 41-point fall is thus partly a measure of how the equity market, like gilts, has become prey to fears of over-

By contrast interest rate worrias look overdone, at least on the basis of the output figures. These showed output of investment goods rose nearly 4 per cent in January while that of consumer goods fell slightly. That hardly represents a trend, and investment goods output may simply have been snapping back after two weak months in November and December. But at least the picture is consistent with a shift towards investment-led growth that is needed to make the recovery sustainable.

That should not stand in the way of interest rate cuts. Political pressures for lower rates are likely to intensify as next month's tax increases hite. Paradoxically, stronger output figures might even help by signalling rising productivity. The UK'e actual inflation rformance is what really counts for interest rates. The chancellor's life will be harder, though, if gilts and sterling weaken further because of Germany's reluctance to accelerate its own rate cuts.

It was something of an achievement for Fisons to deliver yesterday's full-year results without any more nasty surprises. Pharmaceuticals sales growth of 7 per cent is respectable enough, while the condition of the scientific instruments division - the cause of December's profits warning is not deteriorating. If that record can be maintained, Fisons may finally deserve to be judged squarely on its recovery prospects. A combination of modest sales growth, cost savings and loss elimination could, after all,

deliver decent earnings growth. There are still risks. Drug sales rest on two asthma treatments - Intal and Tilade - for which the outlook is difficult to judge. Intal faces competition from cheap generic alternatives. Tilade's US launch seems to be going



well enough, but it is too early to draw firm conclusions. Disappointment from either drug would undermine any profits recovery. Even assuming both products perform admirably, Fisons' research pipeline remains wo ryingly empty. Licensing potential products from ontside companies could help solve that problem. Since Visons has a mixed record in development and lacks a chief executive, though, the omens for such deal-making are not auspicious. Failure to secure a full raft of promising development projects would make the marriage of cash-generative laboratory supplies, instruments and pharmaceuticals difficult to justify. Unless the pipeline can be filled in short order, hreaking Fisons up and finding a partner in pharmaceuticals may still be the best way of unlocking value.

#### Mobile phones

Wolff Olins, tha identity consultants, have expensively concluded that crange is distinctive, dynamic, open and positive. It is also, apparently, simple, friendly and approachable, Most people, however, still think of it as fruit. Hutchison Telecom's new mobile phone system, Orange, is thus open to the crack that it is a lemon particularly since Orange comes from the company which produced the dead Rabbit network.

The name is doubly unfortunate because the Orange network looks attractive. Since it will cover the main UK metropolitan areas and the connecting motorways at launch, it has a significant advantage over its rival, Mercury One-2-One. Its expansion will also be more rapid. Orange will cover

end of the year and 90 per cent by mid-1995. One-2-One will cover only around 30 per cent of the population by the year-en

The pricing of calls and handsets, yet to be announced, will put pressure on margins in the rest of the mobile phone industry. Coverage is wide enough to make Orange a realistic alternative to Vodafone and Cellnet. They have been picking up low-use domestic customers, but the old net-works' profitability is critically dependent on their business tariffs. Those fat margins could be undermined if business users drift to Orange in significant numbers. Wide coverage and lower handset prices are also a threat to One-2-One. It may suffer for its decision to constrain capital spending and roll its network ont slowly.

.84

WPP may have lost ordinary shareholders a bundle of money by paying too much for advertising busines the wrong time in the cycle. WPP's bankers, though, are likely to be a cheerier hunch after cashing in their convertible shares this year. The bounce in WPP'e shares eince its refinancing should enable them to make a tidy turn on the shareholding acquired at the time of the debt-for-equity swap. Martin Sorrell may join Rupert Murdoch as a bankers' pin-up boy.

J Walter Thompson and Ogilvy & Mather are performing soundly. Revenue growth of 4 per cent in constant currency terms stacks up well against comparable agencies. Group operating margins have also improved from 6.9 per cent to 7.6 per cent before severance payments, yet staff costs remain high in comparison with those of rivels such as Omnicom. That suggests WPP could well attain its 10 per cent margin target even though the going gets tougher from here. WPP's bizarre balance shaet should also regain greater normality if the company succeeds in floating its market research husiness. Likely proceeds of \$200m would certainly make a useful dent in average debt of £339m.

The market seems to have forgiven all WPP's past sins and is discounting much of its future promise, too. WPP's shares again stand on a fancy pre-mium, which may be fair given its margin recovery and prospects for advertising growth. Still, WPP's caution about the strength of recovery and the forthcoming share conversion may dull the immediate shine.

# Abu Dhabi expected to raise contribution and cut claims on failed bank **BCCI** liquidators approve revised deal

FT WEATHER GUIDE

#### By Andrew Jack in London

The liquidators to the collapsed Bank of Credit and Commerce and in exchange may receive pro-International yesterday provi-sionally approved a revised deal with the government of Abu Dhabi which should pave the way for an increased payment to

Under the terms of the settlement Ahu Dhabi, the majority sbareholder in the bank, is expec-ted to increase its direct cash contribution to about \$1.8bn. It had previously agreed a payment of at least \$1.2bn.

The money available for distri-bution to the bank's hundreds of thousands of creditors around the world will be increased further as a result of the settlement because Abu Dhahi has agreed to restructure and reduce a number of its claims against BCCI.

alleges was stolen by the bank, tection from future litigation which could be brought by the liquidators against lt.

Efforts to reach a new deal have been under way eince last October, when the Luxembourg appeal court rejected on a number of technical grounde a previoue settlement reached between the liquidators and Abu

The new agreement has been modified to address these prob-lems and has been considerably simplified in an effort to achieve an easier and speedler settlement for creditors.

It requires the ratification of the BCCI creditors' committee and will still need to be approved by the English, Cayman Islands

1 02 Ó

LOW

19

It is expected to drop its poten- and Luxembourg courts, which tial claim for \$2.2bn of assets it may delay a first payment for several months. The liquidators have never revised their original estimated total payments of 30 40 cents on the dollar.

Liquidators from Touche Ross, the accountancy firm, were expected to unveil details of the settlement yesterday afternoon hut cancelled a hriefing after promising "an important announcement about compensation for creditors" hy Mr Brian Smouha, one of the liquidators.

It is helieved that the announcement wae delayed because a meeting of the credi-tors' committee was still in session at the time the briefing was due to take place.

The settlement was concluded after final negotiations took place between the liquidators and Abu Dhabi in Zurich last week.

The government of Abu Dhabi indicated last month that it was keen to see creditors receive increased compensation for their losses. It stressed that diplomac was an important factor in the negotiations because it was a country and not simply a corpo-

Other money available to cred-Itors will come from Ilquidation of BCCI's assets, up to \$150m paid hy Abu Dhabl to the US authorities as settlement of legal actions and from any proceeds of litigation against the bank's auditors, the Bank of England and National Commercial Bank of Saudi Arabia.

If an agreement had not been reached, the liquidators would have had to consider suing Abu Dhabl, which risked jeopardising any payouts for many years.

# ROBESEROYCE

TRENT BOOK HESEN BY TRANSBRASIL

Turbifrusti bas selected Real 300 phenes to power its three new Briefig # Wide buck without Trent 800 is Rolls Royce's most powerful and most advanced engine. having row at 406 (ROW) of thrust in matine testing.

The Lansbessi Mircraft will operate routes from Brazil to North America

# EILS MELION ORDER FROM NATIONAL GRID

Peebles Power Transformers, part of the Rolls-Royce Industrial Power Group, is to supply two of the largest power boosters in the world to The National Grid Company

The two 2000MVA 400kV quadrature beosters will be installed at Deeside to help control the flow of power at certain points on the electrical grid network. These boosters form part of a recent £11.5 million order from The National Grid Company.



ROLLS-ROYCE plc, 65 BUCKINGHAM GATE, LONDON SWIE 6AT.

### Europe today

over Finland will move across southern England, Denmark and southern Swede resulting in overcast skies and rain. South of the front, south-westerly winds will draw mild and moist air over the Benelux, Germany and Poland with mainly cloudy skies and drizzle. North of the front, cool and unstable air will spread over the Britain Norway and Sweden. Clouds will break, however, and frequent showers are expected in northern Europe. High pressure will keep central and southern Europe dry, except for Greece, Turkey and Cyprus where low pressure will produce showers. Spain, Portugal, most of France, the Alps, and Italy will be sunny with comfortable

A cold front associated with low pressure

#### Five-day forecast

A meandering westerly flow will move ocean disturbances into northern Britain and Scandinavia resulting in changeable conditions. High pressure over the Atlantic will merge with high pressure over central Europe to keep most of the continent dry. The western Mediterranean will be maint



# **FINANCIAL TIMES COMPANIES & MARKETS**

OTHE FINANCIAL TIMES LIMITED 1994

Wednesday March 9 1994



IN BRIEF

A SHILL WILLIAM N jay chinge

### **CS Holding** jumps 69% ahead

CS Holding, the financial services and industrial group, has reported a 69 per cent jump in net profit to SFr1.99bn (\$1.4m) for 1993, mainly because of outstanding earnings generated by commission



The A\$287m (US\$206m) battle for Sydney-based Aztec Mining, the metals group, came to an abrupt end yesterday when PosGold Investments snapped up more than three-quarters of its target's shares in a stock market raid. Page 19

Record sales for De Beers

De Beers, the South African company which dominates the world diamond trade, is lifting its 1993 dividend 7 per cent after a turnround in the dia-mond business. The group's Central Selling Organi-sation sold a record \$4.37bn in rough diamonds.

Gartmore beets its forecast Pre-tax profits at Gartmore, the UK-based fund management company, were \$24.5m (\$35m), nearly \$2m higher than it forecast when its shares were offered to the public in November. Page 21

Laporte helped by Evode acquisition Laporte, the UK speciality chemicals group, ended a three-year decline in earnings per share in 1993 helped by last February's acquisition of adhesives and plastics manufacturer Evode. Page 22



After a bullish run of several Maddanin 190 index months the Tel Aviv Stock Exchange has entered a period of pessimism and caution because of political and economic uncertainty. Since the boom of early January the TASE has been through a mini-crash with a 12.5 per cent decline on the Mishtanim two-sided index of the 100 most actively 220 No. 23. Inc. index of the low manufes.

Claremont Garments, the UK clothing maker, announced a takeover of Magellan Industries, the lingerie and swimwear company. Page 23

Companies in this issue 21 Magelian industries 18 McDonnell Info

Dah Sing Financia GM Europe Gartmore Gibbs and Dand)

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Normandy Poseldor
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Pacer Systems
Paramount Comms Plantsbrook Poheng Iton & Stee Polypipe Posicial QVC Netwo Queens Most Houses SNC-Levalin HK Aircraft Enging lang Seng Bank **Taunton Cider** Thom EMI USAL 21 Undervelued 15 Union Bank Ka Wath Bank

Market Statistics

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Chief price changes yesterday 147.3 - 4.7 Chica sterote 1800 2% 2 2% 2% 1% 3

# Earnings figures from German chemical groups' suggest slower rate of decline Hoechst and BASF cut payouts

By Christopher Parkes In Frankfurt

Hoechst and BASF, two of Europe's biggest chamicals concerns, yesterday announced reduced dividends and earnings for 1993. BASF cut its payout from DM10 to DM8, while Hoschst's was cut from DM9 to

Although the German-based groups provided little more than basic 1993 data yesterday, the results further encouraged sharetraders who have recently shown

**Jardine** 

Kong

Lucas in Hong Kong

companies

may delist

from Hong

By Simon Holberton and Louise

The attempt by the Jardine

group of companies to bypass Hong Kong's takeover laws and

ble yesterday, with regulators

apparently unprepared to revoke their opposition to the compa-

It is understood that the Secu-

rities and Futures Commission

(SFC), the colony's corporate

watchdog, will not approve the company's proposed scheme whereby Bermudan takeover law

especially enacted for Jardine supersedes Hong Hong rules.
This scheme has been the sub-ject of negotiation between Jar-

dine and the SPC since the begin-

ning of this year. A failure of the

two to agree raises the possibil-ity that the Jardine group might delist its shares in Hong Kong.

Jardine precipitated a flight of capital from Hong Kong in 1984

when it aunounced it would

ove its company registration to

Bermuda. The company does not

believe that Hong Kong's legal framework will provide suffi-

cient protection after China

resumes sovereignty over Hong

The Chinese government has frequently attacked Jardine

because of its stated support for

Governor Chris Patten's democ-

Kong in 1997.

stock exchange appeared unter

ery value of cyclical stocks, notably chemicals makers. Sales and earnings figures from both groups suggested that the rate of decline had slowed during the past year, while national economic growth figures, also released yesterday, helped reas-sure markets that the worst of

the domestic recession was past. Hoechst shares, up DM6.90 to DM315.50 at the end of official trading continued rising after hours, while BASF rose DM5.70 to DM311 by the close. Group pre-tax profits at Hoechst fell 42 per cent to

Colony's corporate watchdog will not approve

group's proposals to supersede takeover laws

DML28bn, after being 50 per cent down after six months. Turnover, which was 24 per cent lower at the halfway mark, rose 0.4 per cent to DM46bn. The company complained of price pressure and "very ldw" European demand, which was evened out by improved overseas business. Net group earnings were 86 per cent lower at DM756m.

The weakness of domestic mar-kets was highlighted by a 58 per cent alump in pre-tax earnings and a 7.6 per cent fall in sales at the German parent, Hoechst AG. A similar pattern emerged at

turnover fell 9.6 per cent, and pre-tax earnings were 16 per cent lower. Group sales, meanwhile, were down 3.3 per cent at DM40.570n, after being 7 per cent lower after six months. Pre-tax profits, 50 per cent lower in the first half of the year, were down

Both groups pressed ahead with extensive savings programmes last year, shedding 10,000 employees between them. Further job losses are expected this year. Analysts expect more joint ventures, disposals of nonand a continued search for profit able new ventures

Important deals last year included Hoechst's effective takeover of Schering's agrochemicals business, and its move into the generic drugs market through its purchase of a 51 per cent stake in Copley, a US manufacturer. BASF, which recently com-

pleted the purchase of ICI's polypropylene business, last year agreed to merge its nylon carpet fibre and nylon textiles busi-

# GM's car profits in Europe fall 56% to \$600m

By Kevin Done, Motor Industry Correspondent in Geneva

General Motors' Opel/Vauxball car and light commercial vehicle operations in Europe suffered a 56 per cent fall in net profits to \$500m in 1998.

Mr Louis Hughes, GM Europe president, said that despite the sharp decline the Opel/Vanxhall operations had remained tha most profitable volume car business in Europe for the fourth

Saveral of GM's closest rivals in Europe suffered big losses last year, including the Volkswageu group, Fiat, PSA Pengeot Citroen and Ford of

Mr Highes said that the Opel/Vauxhall financial performance had been depressed by one-off charges totalling around \$800m arising from restructuring measures and exchange rate losses

The Opel/Vauxhall workforce was cut by around 7 per cent to 84,900 st the end of 1993 from 91,500 at the end of 1992 and there was widespread short-time working at several GM Europe

Mr Hughes warned that little growth was expected in the west European car market this year, although a stronger recovery could begin in 1995 with sales forecast to exceed 12m next year. According to industry estimates new car sales in west Europe fell by 15 per cent last year to 11.45m.

This year "too many key economies remain weak, unemployment is too high, and there is too much uncertainty among consumers concerning major purchases such as automobiles Mr Hughes said that GM was planning to further international-

ise its operations using the Opel car operations as the spearhead. The Opel technical development centre in Germany was the group's lead design and engineer-ing organisation outside North

Opel designed products are already being Key economies built in eastern remain weak and Europe, the Midthere is uncertainty dle East, Asia, Africa, South America and among consumers' Louis Hughes, GM Australia. Mr Hughes Europe president said that GM

rently planning additional small volume assembly projects in India, Indonesia and Thailand and eventually in Malaysia. In the long-term, studies are also being conducted that could lead to Opel car assembly in China, Russia, Zimbabwe and the Philip

The Opel/Vauxball Corea small car, which is currently built in Spain and in Germany will start production soon in Brazil and Mexico and is under study for eventual assembly in Russia

A version of the new Opel Omega executive car, launched yesterday, will also be sold as a Cadillac in the US, and the Omega chassis platform will used too in Austra-

# **Partial** float will reduce **WPP** debt

WPP, the marketing services group, yesterday announced it is likely to float part of its market research businesses this year, ylelding up to \$200m, as part of its efforts to cut debt.

The announcement came as the group reported pre-tax profits of £54.4m (\$79.42m) for the year ended December 31, 1993, up sharply from £7.8m in 1992.
The latest pre-tax profit figure is after charging a loss of £10.9m on the sale of companies.
A final dividend of 0.65p will

A final dividend of 0.55p will make a total payout of 1p per share for 1993 – the first year a dividend will have been paid since 1990. Fully diluted earnings per share were 3.4p. The shares rose 2p to close at 125p.

Operating profit for the group which includes advertising agencies J Walter Thompson, and Ogilvy and Mather - was up 34 per cent to £95m, while oper-ating margins increased from 5.6 per cent to 8.7 per cent. Turnover was up 12 per cent to £6bn and revenues increased 12 per cent to £1.4bp.

Forecasts from the group were cautions yesterday. It announce that 1994 budgets were based on a 1.5 per cent improvement in revenues and, although there had been an improvement in confidence in North America and Europe, any recovery was "still unstable and uncertain". Tough coutrols would continue to ensure "that the group is well placed when real (as opposed to that in the financial markets) recovery comes". Analysts' fore-casts for 1994 pre-tax profits are now about £85m-£90

The flotation of up to 50 per cent of the market research businesses on either the US or UK. stock markets could yield up to \$200m, said the group. Market \$320m and operating profits were \$29m. The companies are based in the US, UK, Australia

If the minority stake were sold for the expected sum, average net indebtedness could be reduced to £200m from the 1993 figure of £339m, said WPP. At the year end, not debt totalled £84m, down from £240m - a sharper reduction than some had expected. The board said it continued "to explore possible asset disposals and other opportunities to improve the group's capital structure, although on a less pressurised basis\*. Lex, Page 14

# **Barry Riley**

Nigel Rich: steps down this month to return to UK

racy plans, and its alleged involvement in the removal of

Last May, Jardine said Ber-

muda had agreed to enact laws

to bring the Jardine group under a statutory version of Landon's

Takeover Code. The code will be

administered by Bermuda's Mon-

about the credibility of such leg-islation, created at the behest of

one company. It claims the take-over code in Bermuda applies to one company in Bermuda – Jar-dine – and it believes that com-

Mr Patten's predecessor.

etary Authority.

# The hazards of bringing home the harvest



anchantment to market and the money is flowing freely. Last year

securities markets tended to outperform handsomely. In 1994 so far, however, it has paid to stay Closer to home.

That is the viewpoint of the US investor, anyway. Supposedly the recent shakeout in the global securities markets has been all about a quarter-point rise in short-term US interest rates sig-

nailed on February 4 (admittedly with the hint that there is a good deal more tightening to come). The paradox is thet although short-term rates have risen nowhere else (and have fallen in several European countries), the damage to the markets has generally been worse outside the US.
While the US equity market
has only retreated about 3 per cent - as measured by the FT-Ac-tuaries World Index series - the UK hadex has fallen by twice as

much, while Mexico is off 11 per cent and Hong Kong by 15 per cent. Only Tokyo has managed to show some slight appreciation. As for bond markets, the tenyear US Treasury bond yield may have shown a sharp upward move of some 56 basis points, but once again things have proved to be tougher elsewhere, with sentiment in Europe taking another turn for the worse late yesterday. Returns in the UK have risen by more like 60 basis points, and the yield on Spanish ten-year govern-ment bonds is up by a full per-

cantage point. Interestingly, Japan has fallen in line as far as

bonds are concerned, with a sharp back-up in yields (the tenyear yield is up more than 100 basis points since early January). The Latin American debt markets, so fashionable and lucrative

last year, when the Brady Bond index was up 44 per cent, have taken a tumble. There are rumblings of further trouble con-nected with Banco Latino, the failed Venezuelan bank:

All this presumably says some-thing about the speculative positions that were built up during the 1993 bull market, as well as the relatively poor liquidity of some of the smaller national securities markets. The stop loss

Volatility is being exported from the US to other markets

selling of hedge funds and investment banks has created more damage in the minor markets. The central banks this week decided that the hedge funds were not big enough to pose any systemic risks. Nevertheless, the changing global patterns should be watched closely. Volatility is clearly being exported from the US through cross-border investment. Last year the US equity market varied by less than 5 per cent either side of the mid-point, much the same pattern as in 1992. The action shifted with a vengeance to more exotic loca-

clearly seen to be less, and the risklest markets show the highest returns through a process of becomes attractive to chase the highest-yielding paper and there is a convergence of returns: curiously, the government paper of European Union member states showed narrower yield differentials after the effective collapse of the exchange rate mechanism

panies operating in Hong Kong

should abide by Hong Kong

The Jardine group comprises

Jardine Matheson, Jardine Stra-tegic, Mandarin Oriental, Hong-

kong Land, and Dairy Farm.

Their combined market canttalis-

ation accounts for about 9.7 per

cent of the Hong Kong stock

Mr Nigel Rich, the company's managing director, steps down this month to return to the UK. His place will be taken by Mr Alasdair Morrison, the 45-year-old boss of a Jardine associate.

When the money moves out, however, the marginal markets tend to be sold first, as the pricing of perceived risk tends to rise - so that Spanish bonds, for instance, are hit harder. Or, you could say, the fattest profits are likely to be cashed in first.

The global investment themes have not been terminated, how-ever, but are more subdued. We have seen the exit of the hedge funds, which were front running the pension funds and mutual funds. The US pension funds will probably act as a etabilising force, seeing higher income returns as attractive.

But the third big group of players, the US mutual funds, may be another matter. The boom in net receipts continued through to January, at about \$30hm for bond and equity funds combined, but the February Intake may have been more problematical. The danger arises from the way that mutual fund investors have been chasing short-term gains, almost as eagerly as the hedge fund managers. Already the sharp sell-off in Hong Kong and else-where in south east Asla will have inflicted damage and prompted profit-taking.

Global investment can be excit-When big money is moving in, ing, but home is where the the risks of investment are

This announcement appears as a matter of record only.

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# Earnings at CS Holding leap 69% to SFr1.99bn

By Ian Rodger in Zurich

CS Holding, the financial services and industrial group built around the Credit Suisse bank, has reported a 69 per cent jump in net profit to SFr1.99bn (\$1.4m) for 1993, due mainly to outstanding earnings generated by commission and trading busine

The group's preliminary statement revealed assets 39 per cent higher at SFr346.5bn during 1993, largely because of the acquisitinn a year ago of Swiss Volksbank, Switzerland's fourth largest bank. Group equity jumped 47 per cent to SFr15.8bn at the year

The figures confirm CS as the largest Swiss financial group, surpassing Union Bank of Switzerland with assets of SFr311.3bn at the year end. Swiss Bank Corporation, the third largest, bad assets of SFr207bn. UBS remains the most profitable of the three. with net income last year of SFr2.27bn, and is the group with the largest equity base, SFT21.7bn.

Volksbank, which was on the verge of collapse before being taken over, did not contribute to CS group profits last year. CS said its operating profit from trading in foreign exchange, precious metals and securities more than doubled

to SFr5.2bn from SFr2.3bn while net commission income advanced 40 per cent to

Net interest income grew 19 per cent to SFr3.2bn because of the inclusion of Vnlksbank activities.

Group cash flow expanded 78 per cent to SFr5.26bn, but provisions for bad loans and depreciation soured 84 per cent to SFr3.26bn. Return on equity was 14.3 per cent or 13.2 per cent after deduction of minority interests.

The directors will make a dividend recommendation following the closing of the CS financial year at the end of

# Fisons suffers setback to £37.4m

By David Wighton in London

Fisons, the UK pharmaceuticals group which dismissed its chief executive in December, yesterday said it had identified further scope for cost cutting as It unveiled a slump in trading profit to £37.4m (\$56.2m) from £117m.

Mr Patrick Egan, chairman, said its cost reduction programme would cut overbeads by an annualised £38m over two years, compared with the latest forecast of £35m.

The programme, which will involve the loss of 1,000 jobs in the pharmaceuticals division. follows a review by accountants Coopers & Lybrand which cost £4m.

Mr Egan revealed that the group planned to sell about 30 ruary what we would have sold in December." He added that

By Christopher Parkes

Pre-tax earnings

Continental, the German tyre

maker, fell more than half to

DM74m (\$43.5m) last year.

according to Mr Hubertus von

He blamed the decline in the

automotive industry. He said

the company increased volume

deliveries, but prices had been

depressed by over-capacity in

The results had once again

Grünberg, group chairman.

per cent of its scientific instruments division which incurred losses of £39.6m, including a restructuring charge of £20.7m. In December, Fisons sacked

Mr Cedric Scroggs, chief executive, who bad been directly responsible for the scientific instruments division, and warned it would only break even for 1993. The City bad expected profits of £100m.

The figures were hit by the decision to end the practice of lifting pharmaceutical sales just before the year-end by offering customers discounts. This reduced profits in 1993 by about £32m. Mr Mike Redmond, pharmaceuticals managing director, stressed: "We will be selling in January and Feb-

been burdened by losses at

General Tire, the US subsid-

iary, which had not fulfilled its

promises to return a

Unit sales of car and com-

mercial vehicle tyres increased

2 per cent and 3 per cent

respectively, while group turn-

Last year's profits fall was

less dramatic than expected,

while sales and earnings had

break-even result, he said.

only by ending the disruption caused by the practice could some of the planned savings in the pharmaceuticals division

Trading profit from pharmaceuticals fell £29.2m to £42.2m. after £40m of exceptional items, with sales from continuing business up by 7 per cent to £446m. Profits from laboratory supplies rose to £27.6m from £25.9m.

Pre-tax profits fell to £1m from £124m after losses on business to be discontinued of £37 9m

Thanks to disposals, an operating cash outflow of £69m after tax and dividends became a cash inflow of £152m. Gearing fell to 40 per cent from 67

Continental declines to DM74m

months of the current year, he

said. Continental would respond to the continuing downward pressure on prices by improving quality and reducing fixed costs rather than cutting output. A further 2,000 jobs would be cut this year, following a reduction of 4,900 in 1993.

over fell 3.3 per cent to Mr von Grünberg forecast a positive result this year but refused to comment on dividend prospects. Continental increased in the first two last paid a dividend in 1990.

### **Turnround** at Esselte despite weak markets

By Christopher Brown-Humes in Stockholm

Esselte, the Swedish nffice products group, swung to a SKr301m (\$38.1m) pre-tax profit in 1993 from a SKr11m loss a year earlier, in spite nf Weak conditions in many important markets. The dividend is SKr2.75 per share, up from SKr2.50.

The turnround was flattered by the exclusion of SKr270m in one-off costs which hit the final quarter of 1992. But improved market conditions in the final quarter of 1993, particularly in the Nordic countries and the UK, also helped. The company expects a further improvement this year.

The weaker krona was positive for the company, helping to lift sales to SKr11.8bn from SKr9.9bn. However, the impact was mitigated by sizeable production operations in hard currency countries such as Denmark, France, Belgium and Germany.

Based on comparable exchange rates and units, sales were 3 per cent lower last year, reflecting weak markets in southern and western Europe and Japan.

#### Puma deficit deepens to DM69m

By David Waller in Frankfurt

Losses at Puma, the German-based sports goods manufacturer which has been reorganised, more than quintupled last year to DM68.8m (\$39m) compared with a DM12m loss in 1992.

The group blamed the costs of rationalisation measures. These gave rise to extraordinary restructuring charges of DM60.5m at the parent company level.

Excluding licence income, turnover dropped by 11 per cent last year to DM457.6m fol-lowing DM512.8m in 1992. Including licence revenue, group turpover rose by 1 per cent to DM1.18bn.

# Foreigners eager for Czech sell-offs

Shares in 861 groups are on offer, write Patrick Blum and Anthony Robinson

r Vaclav Klaus, the Czecb prime minis-ter, offered Britisb businessmen a pletbora of uplifting ouotes from Adam Smith, the 18th century prophet of laisser faire capitalsm. in London yesterday. But he had little concrete to offer those seeking an easier way through the Czech bureaucracy to potentially lucrative contracts and participation in the privatisation of Czech indus-

try. The Czech Republic, he told a luncheon audience organised by the Adam Smith Institute, British Gas and Bass, the UK brewer, had an embarrassing surplus of foreign capital. The central bank was having to neutralise the inflow by domestic monetary manoeuvres. Czech companies were looking forward to the time when they would be investing abroad in foreign assets, not just absorb-ing foreign capital, he added.

It was a tongue in cheek performance, and the audience loved lt. Foreign investors have indeed been buying Czech companies and shares on the rising Prague bourse. They are closely following the outcome of the second wave of voucher privatisation which begins next month and should be completed this summer.

Shares in 861 companies with a book value of Kcs155bn (\$5.3bn) are on offer, compared with about 1,000 companies worth more than \$7bn last time. But interest has been lively with over 6m Czechs out of a population of 10.3m registering for voucher books.

ers, and sale by public tender Only Czech nationals can or direct sales. participate in the voucher scheme, but foreign investors

r Vaclay Klaus, the are poised to move in on tarcess has been completed. Most will deal directly with investment funds, several of which have links with leading foreign institutions such as Credit Suisse First Boston, Corus of the US, Austria's Creditanstalt and Raiffeisen banks, and Epic. a Vienna-based fund.

The 400-plus funds played a large role in the first privatisa tion wave, winning control of 72 per cent of privatised shares. They compete fiercely to persnade investors to entrust them with the management of their portfolios.

Incentives for investors include promises of returns several times the Kcs1,000 cost of a voucher book, cheap loans and credits and other benefits. At least one fund has offered an immediate cash payment of Kcs7.000 with another Kcs1.000 promised later to buy the rights of voucher book bolders, thereby getting around a ban on investors selling the books. Foreign investors are locked

out of the initial process, but they can buy shares from funds and individual shareholders once privatisations are completed. They can buy shares on the stock exchange or the rival over-the-counter RM-System, although lack of market liquidity and listed stock reduces opportunities. Stakes in companies can be bought directly from the government or the governmentowned National Property Fund, as many large privatisations involve a mix of vouch-

Companies to be privatised



Vaclav Klaus: embarrassing surplus of foreign capital

• SPT Telecom: 26 per cent to be sold by vouchers. The government will decide shortly on a short-list of foreign partners to be offered a 27 per cent stake, although a partner is unlikely to be chosen before

There is strong interest from foreign telecommunications companies. SPT had net profit of Kcs3.5bn on revenues of Kes18.4bn last year. • CEZ: about 4 per cent of the its share capital will be sold by vouchers: 30 per cent was sold in the first wave. CEZ is one of the country's largest companies with a quasi monopoly of power generation - competi-

tion comes from a few small

power plants run by municipal-

It expects pre-tax profits of Kcs18.5bn on operating revenues of Kcs49bn for 1993. It is one of the most popular stocks on the market, given blue chip status by foreign analysts, although the company could

face environmental problems. • Chemopetro and Kaucuk Kralupy: two refineries which have attracted strong interest from Shell, and a separate consortium of Conoco, Agip and Total. Some 36 per cent to be sold

by voucbers, and at least

another 30 per cent to be

reserved for a foreign partner. Kahlo Kladno: cables manu facturer: 66 per cent to be sold by vouchers, an additional 30 per cent reserved for Feiten and Guillaume of Germany.

• Karosa: bus and truck man ufacturer; more than 50 per cent to be sold by vouchers with about 36 per cent sold to Renault Vehicules Industriels. Synthesia: the country's second largest chemicals company manufacturing organic chemicals and explosives including Semtex. Has switched most of its exports from former Com-

than in the first privatisation, competition is expected to be strong for favoured stocks.

econ trade bloc to the West.

Profits of Kcs199m on sales of

Kcs4.6bn last year.

For international institutional investors, the second wave offers an opportunity to raise their holdings in one of eastern Europe's fastest growing emerging markets. About \$200m in portfolio investment bas moved into the Czecb Republic since last June, and

more is expected. "There could be another \$500m waiting to come in through institutional funds," says Mr Peter Galbraith, an analyst with Epic.

# Buoyant Sandvik sees market growth in 1994

By Christopher Brown-Humes

Sandvik, the Swedish speciality steel and carbide group, yesterday reported a 30 per cent increase in profits for 1993, saying a four-year decline in demand for industrial products was over.

"There are now clear signs that the world market will expand during 1994," it said. Mr Per-Olof Eriksson, group chief executive for more than 10 years, would be retiring in May, it said. He would be sucstrom, head of Sandvik Tool-

With market conditions again weak last year, the company relied on the fall in the krona and restructuring to lift profits to SKr1.98bn (\$253m) from SKr1.52bn. The improvement was achieved in spite of a sharp drop in financial income. partly because of lower inter-

est rates. Sales rose 26 per cent to SKr21.8bn in 1993, in spite of lower volumes in all business

areas except steel. Excluding currency factors and structural changes, sales were down 5 per cent, largely because of depressed demand in Europe, which accounts for 55 per cent

Orders rose 28 per cent to SKr22.1bn, but only process systems showed a clear increase in volume terms. Star performer last year was the steel division, which lifted

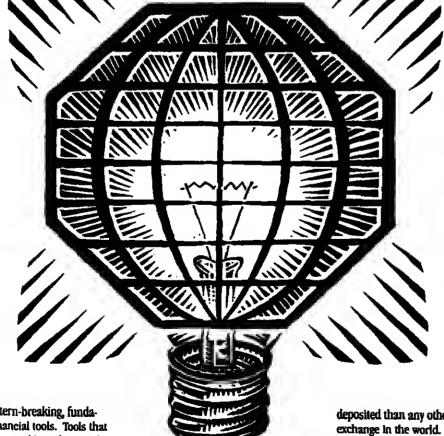
profits to SKr461m from SKr159m. The group's biggest division.

cemented carbide, lifted profits to SKr1.28bn from SKr879m, helped by currency factors. The saws and tools division was weakened by the performance of a German unit, Sandvik Belzer, but losses were cut to SKr3m from SKr82m.

The dividend is being increased to SKr2.25 per share from SKr1.90. Earnings per share rose to SKr4.90 from SKr-1.20.

The group expects both sales and profits to rise this

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#### INTERNATIONAL COMPANIES AND FINANCE

# Australia seeks to simplify buy-backs

By Nikid Talt in Sydney

Mr Michael Lavarch, the Australian Attorney-General. yesterday released a proposed simplification of rules for corporate share buy-back schemes. The changes could encourage more Australian companies to consider the option

Although share buy-backs are permitted in Australia, they are subject to complex conditions. Critics of the current regulations claim compli-ance costs are heavy, and the safeguards against abuse are unnecessarily detailed. As a result – and in contrast to the US, where buy-backs are com-monplace – few Australian companies have attempted to introduce such schemes.

Juder the new proposals, companies would be able to buy back shares, other than redeemable preference shares. However, directors would have to sign a written declaration stating that, in their opinion, the company would be solvent immediately after the buy-back. They would be person-ally liable if the buy-back led

A company would also be allowed to buy back more than 10 per cent of its ordinary provided shareholders

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approved.

Restrictions on the source of funds for buy-backs would be eased, as would accompanying constraints on the timing of new issues – for example, under dividend reinvestment plans. At present, any company operating a dividend reinvestment plan is effec-tively barred from a buy-back scheme.

#### Posco senior management changed again

By John Burton in Secul

Pohang Iron and Steel (Posco), the world's second largest steel company, has changed its senior management for the third time in 18 months.

The unexpected appointment of Mr Kim Mahn-je, a former deputy prime minister for economic affairs, as Posco chairman at the company's annual meeting followed the sudden resignation of Mr Chung Myunk-sik as chairman and

Mr Cho Mal-soo as president. They are reported to have resigned in protest over goveroment interference in the gement of the company, whose largest shareholder is

Mr Kim is the first outsider to head the profitable steelmaker, which was established in 1967, and his appointment may provoke criticism from the company's trade union.

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# Ticklish business of disclosure

All may not be best for Hong Kong banks, writes Simon Holberton

The reporting season for Hong Kong's banks, Hong Kong banks: 1993 results now virtually complete, Shara prices (199) has been notable for the extent to which disclosure grabbed the attention of investors. Two of Hong Kong's local banks, Hang Seng Bank and Bank of East Asia, both suffered, the latter because investors got tired of management being high-handed in its refusal to part with any information, and the former because investors did not like To add to hankers' worries there emerged a lobby to end past privileges. The Consumer Council assailed the banks for reaping monopolistic profits from rigging interest rates on small deposits; it also called for

> securities, but not one with a value of HK\$12.4bn, including unrealised gains of HK\$9.6bn. As one broker wryly observed: Buy Hang Seng as a geared

and trading profits on the equities portfolio of more than HK\$1bm. With bank regulators and investors concerned about banks' exposure to Hong Kong's property market, Hang

Seng is set for a period of soul

searching he says.
"Hang Seng has made its
money the same way as the

rest of Hong Kong, through the property and stock markets. But there are limits to property

The Hong Kong banking sec-

tor divides according to size.

Hongkong Bank and Hang

Seng Bank, its 63 per cent-owned listed subsidiary, domi-

lending," he says.

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According to one banking analyst, "Hong Kong has one of the lowest levels of disclosure; even banks in Indonesia reveal more"

Mr David Li, the bank's chief play on the market." executive, was forced to issue a denial the day after the bank released its results; weeks later More seriously, analysts were concerned that Hang Seng recorded virtually no growth in its underlying banking business, in spite of its position as the premier retail bank in the colony,

visions for bad and doubtful According to Mr Steven Li. banking analyst with brokers Jardine Fleming, Hang Seng's profit growth was attributable to lower bad debt charges, a one-off reduction in staff costs, Hang Seng's problem was the opposite: too much disclo-sure for the market's liking. It bad always been known that

the medium-sized banks, led by East Asia and including Dah Sing and Dao Heng.

The third sector, the minnows, is where the greatest These small banks enjoyed very strong profits growth on the back of expanding balance sheets. For most, 1993 profits grew by rates in excess of 40 per cent, compared with the majors whose profit growth

These high growth rates are, however, relatively easy to sus-tain for banks which are at an early stage of the growth cycle. Their size also allows them to behave in ways which regulators may find unacceptable in

large banks.

There is, for example, evidence that some of the small banks are raising funds outside the interbank money market. They are going directly to large corporate clients of com-petitors and bidding deposits off them, sometimes at rates as high as one percentage point above interbank rates.

Hong Kong's benign interest rate outlook is, however, about to change. The US Federal Reserve Board signalled last month a change in the direction of interest rates; Hong Kong cannot remain immune from higher interest rates for long as its currency is linked

But Hong Kong is a highly profitable place for sellers of retail financial services. This was underlined by the results of Manhattan Card Co, the recently floated credit card subsidiary of Chase Manhattan Bank in the colony, which posted a 73 per cent rise in net profit to HK\$154.7m last year. Hong Kong is a place where people like to spend

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# Australian insurer to sell Californian unit

By Nildd Talt

C. E. Heath International, the Australian liability insurer which was spun off from its UK-based parent via local stock market flotation in 1992, is selling C.E. Heath Compensation and Liability Insurance Company (or Heath Cal), its Californian workers' compen sation subsidiary, for A\$132m (US\$94.3m),

greater disclosure of banks'

inner reserves. According to Mr Roger Edgley, banking analyst at Crosby Securities:

"Hong Kong has one of the lowest levels of disclosure;

even banks in Indonesia reveal

Bank of East Asia celebrat-

ing its 75th anniversary this

year, got caught by investors' doubts after it unveiled a

HK\$1bn (US\$129m) after-tax

profit, some 46 per cent up on 1992's earnings. Given the pau-city of information it pub-lished, analysts speculated that 1993 earnings had been bol-

stered by the use of past

he was still having to explain himself. According to Mr Li,

1993 profits were augmented by the unwinding of previous pro-

The purchaser of the business is Care America, a subsidiary of UniHealth America. The sale, according to the Australian group, should generate a pre-tax profit of about A\$30m and is likely to be completed

during the next few months. C. E. Heath International said the funds generated from the sale would be ploughed back into expanding its interests in Australia, the UK and

It mentioned growth possibil-

ities in the Australian workers' compensation market - "both Victoria and South Australia are expected to provide such opportunities in 1994-95" - and in liability and travel instriance in the UK. Other areas targeted for expansion include marine insurance and the Asian markets.

News of the sale came as C. E. Heath announced a profit after tax of A\$38m in the 12 months to end-December. This compared with A\$16.3m in the previous year. Net premiums were A\$371.1m, up 27 per cent, and there was a small under writing profit of A\$4.6m.

Heath said operating profit investments and tax stood at A\$40.3m, up from A\$38.6m last time Net unrealised gains on investment increased by and accounted for A\$11.8m of the after-tax profit.

Mines Limited



EXTRACTS FROM THE UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 1993 Attributable to the De Beers/Centenary linked units

- Improved earnings and dividends
- Strengthened balance sheet

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DIVIDENDS

Both the De Beers Consolidated final dividend (No. 148) of 77 SA cents per linked deferred share and the Centenary Depositary dividend distribution (No. 8) of 36.7 US cents per depositary receipt have been declared payable on Wednesday, 25 May 1994 to linked unit holders registered at the close of business on Friday, 25 March 1994. The registers will be closed from 26 March to 2 April 1994. The full conditions relating to the dividends may be inspected at the offices mentioned below as well as the offices of the transfer secretaries.

DIAMOND SALES

Total CSO sales for 1993 were a record US\$4 366 million (R14 166 million), an increase of 28 per cent over the 1992 figure of US\$3 417 million (R9 751 million). Sales for the second half of 1993 increased to US\$1 823 million (R6 154 million) compared with US\$1 630 million (R4 666 million) for the corresponding period of 1992.

After maintaining a high level in the recessionary years of 1990 to 1992, preliminary indications are that retail diamond jewellery sales resumed a rising trend in 1993.

ns and dividend notices will be posted to linked unit holders on or about 10 March 1994 and will also be available from the following offices:

Kimberley South Africa

Langensandstrasse 27 CH-6000 Lucerne 14

of South Africa Limited London EC1N 6QP England

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Ordinary Share for which you are subscribing.

The following information toay help you to decide whether or not to exercise your subscription rights this year. The middle market quotation, based on The Stock Exchange Daily Official List, for the Ordinary Shares of the Company on 4 March 1994 was US\$ 10.87 per Ordinary Share.

The new Ordinary Shares resulting from subscription will be allotted nor later than 10 May 1994. Such Ordinary Shares will rank part passu in all respects with the existing issued Ordinary Shares of the Company except that they will not rank for any dividends or distributions in respect of the year ended 31st December 1993.

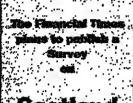
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#### INTERNATIONAL COMPANIES AND FINANCE

# Paramount and **QVC** show bid battle scars

Faramount Communications, the film and publishing group being acquired by Viacom after a \$10bn takeover battle, yesterdey reported a third-quarter net loss of \$36.6m, due largely to disappointing audience fig-ures for some recent film and

television shows. The loss was in line with a forecast loss of \$35m to \$40m which Paramount made last month in the final stages of the takeover battle between Via-com and QVC Network, the television home shopping channel

QVC yestarday reported fourth-quarter net income of \$2.8m, or 6 cents a share, down from \$18.9m, or 40 cents, in the same period of last year, after taking \$34.8m of pre-tax costs (an \$18.8m uet loss) for its unsuccessful Paramount offer. However, QVC's operating

income in the fourth quarter was 34 per cent higher, at \$53.2m, compared with \$39.5m, on revenues up 9 per cent at \$372.5m, compared with \$341.8m, Fourth-quarter net

income also included a \$1.1m extraordinary charge from the accelerated write-off of debt placement fees

Mr Barry Diller, chairman, said the results confirmed QVC's core business was strong and "though obviously somewhat distracted while pursuing Paramount, we have not been deterred from our strategy to put in place an aggresplan for growth in both our basic business and the emerging world of inter-activ-

For the full year, QVC reported net income of \$59.2m, or \$1.18 e share, compared with \$55.1m, or \$1.24, on sales 14.2 per cent higher at \$1.22bn. Paramount's third-quarter

net loss, which worked through at 31 cents a share, compared with a net loss of \$66.8m, or 56 cents, in the same period of last year, when it took a \$66.9m one-time charge for an accounting change. Revennes were \$1.01bn, up from \$943.7m.

For the first nine mouths, earnings totalled \$180.6m, or \$1.50, against \$149.9m, or \$1.26. the previous year.

# Fourth-quarter rise boosts Varity shares

By Patrick Harverson n New York

Shares in Varity rose sharply yesterday after the US automotive, agricultural and industry machinery group reported a big improvement in fourthquarter net income to \$27m, or 59 cents a share, on a fully-diluted basis. A year ago, Varity earned \$11.2m excluding extraordinary charges.

The results were well above Wall Street analysts' expectations, and Varity shares leaped \$31/4 to \$48 (a new 52-week high) in early trading on the New York Stock Exchange.

The strong final quarter took 1993 profits to \$76.3m, up from \$33.4m a year earlier. After taking a non-cash charge to cover changes in accounting princirecorded a net loss of \$71.5m in its latest fiscal year.

Mr Victor Rice, chairman and chief executive, said the accelerating recovery in the North American automotive ndustry - the chief market for Varity's brake products - was the main factor behind the earnings improvement, whils cost containment measures continue to help the group weather the impact of the recession in Europe.

Among its three business segments, the automotive products business, Keisey-Hayes, made the higgest contribution to earnings growth in the final quarter, posting operating income of \$22m on sales of \$297m. Last year, Kelsey-Hayes earned \$16m on sales of \$249m.

# Time for USAir to face the music

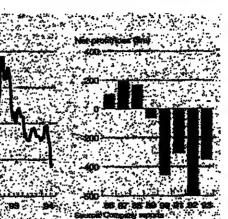
Labour cuts could be its last chance, writes Richard Tomkins

t is so long since USAir, the sixth higgest US carrier, made an annual profit that shareholders must have forgotten what it feels like. On Monday, they learned that this is not the year in which their memories are going to be Not only did USAir dash

hopes that it would share in the recovery taking other big US airlines into modest profits; it warned that its sixth consecutive year of losses would take it even more heavily into the red than last year's \$349m pre-

The serious question now facing USAir's shareholders and none more so than British Airways, which has spent \$400m since early last year to buy and maintain a 24.6 per cent equity stake in the airline is what future awaits such a poorly performing company in a market suffering so badly from overcapacity.

The precedents do not augur well. More than 100 airlines have gone bankrupt since the US airline industry was deregulated in 1978, many of them rigger and better known than HSAir Braniff International Eastern Airlines, Trans World Airlines and Pan American World Airways are just a few. Nor has the cut-throat compatition in the US domestic market shown any eigns of alleviating. If anything, it has grown worse, as overcapacity has enabled new operators to enter the industry by picking up redundant eircraft and crews on the cheap.



more. Things got worse in January when Continental Airthe eastern US. Its primary ways, fresh out of bankruptcy hubs are in Charlotte. Pittsburgh, Baltimore and Philadelannounced that it was introdu-cing its so-called Peanuts Fares phia, all of which have direct flights to New York's JFK international airport where to many routes in the east. they connect with British Air-USAir was left with no alter-

ways flights. USAir has always suffered native but to slash its own fares, which it duly did last the disadvantage that its month. But the inevitable consequence will be that its routes are predominantly already yeary serious losses will chart-hand in an industry grow still further, unless it can where the revenue-to-cost significantly cut its costs – and ratios are more favourable on long-haul routes. Until that means getting its labour recently, however, it had drawn comfort from the fact unions to accept drastic cuts in jobs, wages and conditions of that many of its routes were employment. effective monomobies. een against that back-

That started to change last year when Southwest Airlines, the biggest and most successful of the new breed of low-cost airlines, moved into its market, setting up a rival hub in Baltinext four years by investing another \$450m. Until now. USAir's labour unions have had little reason to accept the need for drastic cuts because if the airline ever got into really serious trouble, British Airways would be there. Now. British Airways has taken that

securify away.
Within hours of these developments on Monday. USAir's management had met representatives of its four labour unions and asked them to start talks. Some indication of the scale of the cuts that will be needed can be gleaned from the fact that its operating costs of 11.2 cents per evailable seat mile in last year's fourth quarter were more than 50 per cent higher than those of its competitors.

If the experience of other large US carriers offers an example, one likely outcome of the negotiations will be a deal under which a substantial proportion of the airline's equity is sold to its employees in return for labour concessions over e period of years. Under similar deals, employees have already taken 37.5 per cent of Northwest Airlines and 45 per cent of e restructured TWA, and are due to receive 53 per cent of United Airlines.

Such action may be the least unattractive alternative. Mr Kevin Murphy, an analyst at Morgan Stanley, the Wall Street investment bank, points out that no US airline yet has lost as much as USAir without either reaching e deal with its unions - or going bankrupt.

## Brazilian miner launches ADRs

#### By Patrick McCurry

Brazil's Companhia Vale do Rio Doce (CVRD), the government-controlled mining company and the world's largest iron ore exporter, yesterday launched an American depositary receipts (ADR) programme on the US over-thecounter market.

Tha company said the Level 1 programme was the first step towards a Level 3 ADR issue, which would involve an increase in capital and listing on a US stock exchange, but imposed much stricter accounting requirements.

Under yesterday's operation. each ADR represents 250 CVRD preferred shares, which

have limited voting rights. CVRD is Brazil's largest exporter, with net sales of \$2,45bn last year. Its share price increased 162 per cent in dollar terms in 1993 and has grown by 43 per cent this year, helped by a very strong local market. Morgan Guaranty Trust, a subsidiary of J. P. Morgan, is acting as sponsor. Sakura Bank, a leading Jap-

anese bank, has appounced

that it will issue Y100bn (\$945m) in convertible pre-ferred stock to boost its capital levels, writes Emiko Terazono

ground, it becomes clear why British Airways is threatening not to fulfil its

agreement to take its stake in USAir to 44 per cent in the

It will be the first Japanese bank to issue preferred stock since the finance ministry eased restrictions on capitalraising programmes using the instruments last year.

The bank said its capital-to-assets ratio would rise by 0.5 percentage points to 9.6 per cent after the issue, which would enable it to expand its balance aheet by increasing

#### Trilon losses cut to C\$38m

Trilon, a financial services subsidiary of Toronto's Hees-Edper group, reduced its 1993 loss to C\$38m (US\$28m), or 74 cents a share, from C\$33im, or C\$3.90, in 1992, writes Robert Gibbens in Montreal. The results include special charges of C\$107m, against C\$433m, for Trilon's share of losses by Gentra, the former Royal Trust Co.

Before special charges, Tri-lon was profitable in the fourth quarter of 1993 and expects to remain in the black through 1994. The real estate brokerage has been restructured, and merchant banking reduced.

Notice to the Holders of

US\$ 51,975,000

#### **Electrowatt Finance (B.V.I.) Limited** (Incorporated with limited liability in the British Virgin Islands)

5% Convertible Bonds Due 1998

Guaranteed by, and Convertible into, Bearer Shares of



### Electrowatt Ltd.

(Incorporated with limited liability in Switzerland)

The Board of Directors of Electrowatt Ltd. will submit a proposal to the Annual Meeting of Shareholders held on 29 March 1994 to conditionally increase the capital by an amount not to exceed Sfr. 45 000 000 in par value in order to enable Electrowatt Ltd. itself or one of its subsidieries to issue new convertible end/or warrant bonds. In addition, the Board of Directors of Electrowatt Ltd. will propose to the shareholders e 10-for 1 split of all bearer shares that have been issued, and a 1-for 1 conversion of all outstanding participation certificates into new

If the Annuel Meeting of Shareholders epproves, holders of shares end of participation certificetes of Electrowatt Ltd. will be antitled to subscribe to e new bond issue with warrants attached which will enable them to acquire new bearer shares of Electrowatt Ltd. The offer will be opan from 8 April to noon on 15 April 1994. The terms of the rights issue will be ennounced in detail at the Annual Meeting of Shareholders.

In connection with this rights offer, holders of the 5% convertible bonds due 1998 (the "Bonds") who, in accordance with the terms of the Bonda, choose to exercise their conversion rights must deliver their conversion notice, the Bonds end any payments required to the conversion agant (Credit Suisse)

#### no later than 12.00 noon on 18 March 1994.

Holders of Bonda who elect not to exercise their conversion rights will be compensated for the resulting loss of subscription rights by a corresponding edjustment in the conversion terms of the Bonds. No Bonds may be converted from 21 March to 22 April 1994 (second date provisional).

There will be en adjustment in the terms of conversion (in perticular, the conversion price may be reduced) for Bonda converted subsequent to 22 April 1994. It is anticipated that the new terms and conditions will be published in the newspapers designated for this purpose on 22 April 1994.

Zurich, 9 March 1994

For Electrowatt Ltd. **CREDIT SUISSE** 

5% Electrowett Finance (8.V.I.)

Limited Connectible USS bonds 1963-98

993 835 CH 000 993 835 5 Ref. No. 3266 Ref. No. 261238

Notice to Holders of BANDAI CO., LTD. Bearer Warrants to subscribe up to Yen 13,230,000,000 for shares of common stock of Bandai Co., Ltd. issued in conjunction with the U.S. \$100,000,000 4% percent Bonds 1995

and Bearer Warrants to subscribe up to Yen 27,412,500,000 for shares of common stock of Bandai Co., Ltd. issued in conjunction with the U.S. \$250,000,000

1 per cent. Bonds 1997

In respect of the above Warrants, notice is hereby gives as follows:
The Board of Directors of Eurolai Co., Ltd. (the "Company") at its meeting held on
39th February, 1994 resolved that the Company shall effect on 20th May, 1994,
1994 then, a stock spit (equivalent to a free distribution of shares) at the rate of
12 shares for I share of common stock of the Company held by its shareholders of
record as of 31st March, 1994, Japan time.
As a result of such stock split, the Subscription Prices of the above Warrants will
be adjusted pursuant to the provisions of each of the Instruments relating to each
of the above. We control of the control of the control of the shore warrants of the stock.

Subscription Price Subscription Price before adjustment after adjustment

Warrants initially attached to 4% per cent. Bonds 1995 Yen 5,040 Yes 4,200 Warrants initially stucked to 1 per cent. Boods 1997 Yes 4.049 Yen 3,374,20

The new Sabscription Prices will become applicable as Iron let April, 1994, Japan time, which is the day immediately after the record date. Dated: 9th March, 1994 BANDALCO. LTD.

#### 6.5% CREDITED DAILY CASH DEPOSIT SCHEME FOR PENSION FUNDS

For details of this scheme for the cash element of pension funds, with money invested by a leading UK insurance company in the x Building Society, and paying a variable interest rate (currently 6.5% nett of all charges) credited daily, with easy access (minimum investment £15,000) please contact:

**POWER ROBBINS** 

Independent Financial Advisors de Road, Bookham, Leatherhead, Surrey KT23 4HL Tet: 0372 457965 Faz: 0372 450417 A Member of FUMBRA



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#### FIDELITY INTERNATIONAL FUND

Société d'Investissement à Capital Variable Kansallis House Place de L'Etoile R.C. Luxembourg B 24054

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of FIDELITY INTERNATIONAL FUND, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal office of the Fund, Kansallis House, Place de L'Etoile, Luxembourg, at 11:00 a.m. on March 17, 1994, specifically, but without

limitation, for the following purposes:

Presentation of the Report of the Board of Directors. Presentation of the Report of the Auditor.

Approval of the balance sheet and income statement for the fiscal year ended November 30, 1993. Discharge of the Board of Directors and the Auditor.

Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3d, Barry

R. J. Bateman, Charles T. M. Collis, Sir Charles A. Fraser, Jean Hamilius and H. F. van den Hoven,

being all of the present Directors. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg. Declaration of s cash dividend in respect of the fiscal year ended November 30, 1993, and authorization of the Board of Directors to declare additional dividends in respect of fiscal year 1993 if necessary to enable the Pund to qualify for "distributor" status under United Kingdom tax law.

Consideration of such other business as may properly come before the meeting. Approval of items 1 trough 7 of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to owner-ship of shares which constitute in the aggregate more than three percent (3 %) of the outstanding shares of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: February 17, 1994 BY ORDER OF THE BOARD OF DIRECTORS



Westpac Banking Corporation (Incorporated with limited liability in the State of New South Wales, Australia)

U.S. \$240,000,000

Perpetual Capital Floating Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 7th March, 1994 to 7th September, 1994 the Notes will carry an Interest Rate of 4.6125 per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 7th September, 1994 is U.S. \$23,575.00 for each Note of U.S. \$1,000,000.

Westpac Banking Corporation Agent Bank

75 King William Str London EC4N 7HA

اصكذا من الاصل

#### NOTICE OF REDEMPTION

#### The Industrial Bank of Japan, Limited U.S. \$100,000,000 9.8 per cent. Bonds due 2000

NOTICE IS HEREBY GIVEN that, pursuant to Condition 5(b) of the Bonds, The Industrial Benk of Japen, Limited (the "Issuer") has elected to exercise its option to redeem on 30th March, 1994 (the "Redemption Date"), all of the outstanding Bonds in total principal outstanding of U.S. \$100,000,000 at the Redemption Price of 100% of their principal amount together with interest accrued to the Redemption Date (the "Redemption Price"). Commencing on the Redemption Date, the Redemption Price will be paid to the holders of the Bonds upon sourceder of their Bonds in the manner provided in the Conditions of the Bonds at the offices of the following Paving Agents: following Paying Agents:

The Industrial Bank of Japan Trust Company
One State Street
New York, New York 10004 (for principal payment only) The Industrial Bank of Japan, Limited Bracken House One Friday Street London EC4M 9JA

The Industrial Bank of Japan (Lunembourg) S.A. 6, rue Jean Mannet, P.O. Box 68 I-2010 Luxembourg The Industrial Bank of Japan (Switzerland) Limited CH-8023 Zurich, Switzerland

Industriebank von Japan (Deutschland) A.G. Niedenau 18-19, 60325 Frankfurt/Main, Germany The Bonds should be presented for payment together with all coupons appertaining thereto maturing on or after 30th March, 1995. All summatured coupons relating to the Bonds (whether or not attached) shall become void and no payment shall be made in respect thereof.

If any Bond is presented for redemption at the above specified office of the Paying Agent in New York City principal only will be paid. Interest on the Bonds will cease to accrue thereon from 30th March, 1994 should be detached and surrandered for payment in the usual manner. Bonds and compons will become void unless presented for payment within periods of 10 years and 5 years respectively from the Relevant Date (as defined in Condition 9 of the Bonds).

Bonda).

Payment pursuant to the presentation of the Bonds for redemption within New York City, or other payment made within the United States, including a payment made by transfer to a United States dollar account maintained by the payer with a bank in the United States, may be subject to repurting to the United States Internal Revenue Service (IRS) and to backup withholding of 31% of the gross proceeds if a payer fails to provide the paying agent with an executed IRS Form W-8 in the case of a non-U.S. person or an executed IRS Form W-9 in the case of a U.S. person. Those holders who are required to provide their correct taxpayer identification number and who fail to do so may also be subject to an IRS penalty of U.S. \$50. Accordingly, please provide all appropriate certification when presenting the Bonds for payment, if applicable.

THE INDUSTRIAL BANK OF JAPAN TRUST COMPANY as Fiscal Agent

Dated: March 9, 1994

WOOLWICH - Building Society -000,000,0012

Floating rate notes due 1996 Notice is hereby given that the notes will bear interest at 5.30625% per annum from 7 March 1994 to 7 June 1994. Interest payable on 7 June 1994 will amount to \$133,75 per \$10,000 note and \$1,337.47

per \$ 100,000 note. Agent: Morgan Guaranty Trust Company **JPMorgan** 



BANK OF GREECE US\$300,000,000

Floating rate notes 2003 The notes will bear interest at 4,875% per annum for the period 9 March 1994 to 9 September 1994. Interest payable on 9 September 1994 per US\$1,000 note will amount to US\$24.92.

Agent: Morgan Guaranty Trust Company **JPMorgan** 

# De Beers raises dividend 7% as earnings climb

By Matthew Curtin in Johannesburg

De Beers, the South African company which dominates the world diamond trade, is lifting its total 1993 dollar dividend by 7 per cent. The lift confirms the stout turnround in the diamond business from the difficult conditions in 1992.

The dividend is increased to 84.4 US cents a share from 79.1 cents in 1992. Earnings rose 16 per cent to 230 cents from 199 cents a share.

The shares reacted strongly to the news, climbing to a new high of R116 on the Johannesburg stock exchange, before retreating to R115 at the close. or Julian Ogilvie Thompson, chairman, said he was "pleased" with the results. hich were underpinned by the first increase in four years in global retail diamond sales. The group's Central Selling Organisation (CSO) sold a record \$4.37on in rough diamonds in 1993, against \$3.42bn the year before, led by good demand in the US and east Asia. Mr Jeremy Pudney, CSO

Taiwan and Thailand had overtaken France and Germany as the group's most important markets after the US, Jspan and Italy. However, demand in Japan and Italy remained

Mr Gary Ralfe, a director, said the group's relationship with Eussia remained uneasy, although sales in December of uncut diamonds from the country's Treasury stockpile - in breach of a marketing agreement between De Beers and the government - had not been repeated so far this year.

Pre-tax income rose to \$789m

from \$728m, reflecting the overall improvement in the jewellery trade and an increased contribution from South African operations, boosted by the build-up to full production at its new Venetia

Mr Ogilvie Thompson said results from Centenary, De Beers' Swiss-based arm, were hit by retrenchment costs at Namibian mines and the Irishbased industrial diamond division, plus its smaller share of total diamond sales as Venetia's output increased.

# **Improved margins** help boost Haeco

marketing director, said Koree,

The Hongkong Aircraft Engineering Company (Haeco), the aircraft maintenance subsidiary of the Swire Pacific Group, has reported a 15 per cent increase in profits, to HK\$447m (US\$57.8m) for calendar 1993 from HK\$387.9m the previous year. It attributed the rise to improved margins.

Profits rose on the back of good use of facilities, boosted productivity and stringent cost controls, the company said. Line maintenance revenues improved as Haeco took in hand a 12 per cent bigger slice of aircraft movements at the colony's Kai Tak airport. Con. corns over the high level of

inflation in the colony, of around 8.5 per cent, have prompted the drive for enhanced productivity.

Rarnings per share rose to HK\$2.41, against HK\$2.09 in 1992. Shareholders are to receive a dividend of 71 cents, up from 64 cents the previous year. The results were in line with market expectations.

The company said it was continuing talks with the Pro-visional Airport Authority over a licence to operate maintenance facilities at the new airport at Chek Lap Kok. At the same time, it is anticipating that volumes at Kai Tak will continue to rise and expects to be able to secure healthy levels of work this year.

1993

### Australian TV network cautious in spite of rise

By Nikki Tait

Mr Kerry Packer's Nine Network Australia, the country's dominant commercial TV operator, yesterday amounced an after-tax profit of A\$48.51m (U\$\$34.9m) for the six months to end-December, up by 25.3 per cent on the same period of 1992-93.

However, Nine warned that the increased costs associated with covering overseas sport-ing events - including the Winter Olympics and the cur-rent South African cricket tour - would peg its second-half profit at around last time's figure.

"The directors are not anticipating a second-half result significantly above last year," said the company.

Nine Network said its earn-

ings before interest and tax rose by 15 per cent to A\$72.7m, with TV advertising increasing by over 10 per cent, mainly in the first quarter. Total group revenue stood at

A\$312.4m, compared with A\$285.1m last time - an increase of 8.4 per cent. Nine said the slower overall increase reflected the sale of the Perth radio stations and flat revenue growth at Sky

Ashton Mining, the Australian diamond producer, yester-day reported a net profit of A\$36.6m in 1993, up from A\$35.4m the previous year. The 1993 figure is scored after an A\$11.8m net almosmal

item (nil in the previous year). Ashton said the performance was "particularly pleasing, given the lower diamond sales revenue resulting from the full-year impact of the CSO deferred purchases in 1993".

### SNC-Lavalin strong

SNC-Lavalin, Canadian-based engineering and construction management group, posted a 74 per cent gain in 1993 net profit, to C\$16.3m (US\$11.9m), on revenues 6.5 per cent higher, writes Robert Gibbens in Montreal. Mr Guy Seint-Pierre, president, said international

# PosGold market raid ends battle for Aztec Mining No sooner had dealing opened yesterday, than it was announced that Alumax, the

US group which held a 37 per

cent interest in Aztec, had sold

its shares to PosGold at the

higher price. By late afternoon, PosGold said it had raised its

The A\$287m (US\$206.5m) battle for Sydney-based Aztec Mining. the metals group, came to an abrupt end yesterday. PosGold Investments, part of Mr Robert Champion de Crespigny's Normandy Poseidon group, snapped up more than threequarters of its its

The victory came just a day after PosGold lifted its cash offer for Aztec from 68 cents a share to 74 cents, and waived certain conditions, allowing it to buy its target's shares in the market.

Australian Normandy Poseideon group, yesterday cel-ebrated his unexpected victory in the hostile and contested bid for Aztec Mining, he was also quietly burying another important deal.

Poseidon Gold, the subsidiary through which the Aztec bid was launched, also hoped to build a big gold business ontside Australia via a joint venture with Metall Mining, the Canadian subsidiary of Metallgesellschaft of Germany.

It was forecast that the new PosMetall Gold would emerge in three or four years with an annual output of 300,000 troy ounces of gold from a global spread of precious metal inter-ests. PosMetall would then have been floated in North

financial collapse of Metalige-sellschaft, Mr Kajo Neuhas made clear he intends to sell Metall. Mr de Crespigny said it was impossible to go ahead with the proposed joint know who would control Met-

interest to around 85 per cent of Aztec's equity. Aztec directors, who had pre-viously recommended an allpaper merger with Panconti-nental Mining, reluctantly urged other shareholders to follow suit. They acknowledged that the fall in Pancon's

price since its bid was announced meant that offer

"While directors do not believe that the revised Pos-Gold offer reflects the full value of Aztec, in view of the fact that control of Aztec will now pass to PosGold the directors recommend to sharehold ers that they accept the revised PosGold offer of 74 cents per

share, rather than the Pancou-tinental offer," they said.

Axtec shares ended the day six cents higher, at 74 cents, while the bid's success lifted PosGold by 14 cents, to A\$3.20. Pancontinental also gained. Its shares rose 12 cents to

# Death of a golden chance

#### Robert Champion de Crespigny speaks to Kenneth Gooding

hile Mr Robert Champion de Cres-pigny, chairman of

America and Australia.

This plan, however, has crumbled following the recent kirchen, new chief executive, venture because he did not all. "It is safe to assume that

the deal is dead," he said.

Nevertheless, a joint venture gold project under way in Tunkey with Metall would con-

tinue. Possidon had expected the Turkish project to be prod-ucing in time to fill a predicted dip in its gold output. However, production there had been delayed by permit problems, so the bid for Aztec was

made to fill the gap. When the Aztec offer seemed like failing, Poseidon bought 40 per cent of the Boddington gold mine in Western Australia for US\$116m (A\$88.45m) from Reynolds Metals of the US. This deal has been challen by another Boddington share-holder, but Mr de Crespigny said he was sure Poseidon would take the stake.

Poseidon's main interest in Aztec was its Bounty gold mine, half-way between Perth and Kalgoorlie, where Poseidon operates Australia's biggest single gold mine, the Superpit.

The bid will also contribute to Normandy Poseidon's strategic objective of having within five years three core divisions - gold, base metals and industrial minerals - each capable of producing annual operating profits of A\$50m. It will give the group control

of Golden Grove, which owns the Scuddles zinc mine and also brings with it the Woodcutter mine. Between them. they have an annual output of 200,000 tonnes of zinc. However, Mr de Crespigny said it was not certain that Woodcutters would be kept by his group, which would cer-tainly sell Aztec's coal inter-

He said there was no need for Normandy to raise new capital to cover the Aztec deal, and that the group's net debt would be virtually eliminated by the end of this year.

Mr de Crespigny faces two areas of uncertainty: his relationship with the Anglo American Corporation of South Africa, which owns nearly 20 per cent of Normandy, and charges brought by the Federal director of public prosecutions

over the 1989 takeover.

Anglo recently reshuffled its assets and handed its Normandy stake to Minorco, its Luxembourg-based subsidiary. Mr de Crespigny, who rarely gives press interviews, said the

relationship with Anglo was "very special," and he expected it to continue that way. However, Minorco had only 5 per cent of its assets in Australia and would obviously want

"How that will come out I don't know," he said.
He also admitted there was likely to be some competition for global projects between Normandy and Minorco. Normandy is concentrating on Australia, Indonesia, Vietnam and Laos. South America was too far away and a move into Africa, on Anglo's doorstep, would, he said, "be like kicking sand in your mother-in-law's

### INVESTOR AB

YEAR-END REPORT

#### INVESTOR GROUP

Investor's net worth rose during the year to SEK 37,493 (30,122) m., or SEK 206 (166) per share. On March 4, its net worth amounted to SEK 37,515 m., or SEK 206 per share.

The Group's net financial debt amounted to SEK 4,850 (8,701) m. at year-end.

The Investor Group's consolidated income after financial items amounted to SEK 410 (1,482) m. Income for the fourth quarter increased to SEK 194 (-147) m. mainly due to the improvement in Saab-Scania's income.

#### STRATEGIC PORTFOLIO

The value of Investor's portfolio of strategic holdings at year-end was SEK 27,964 (23,238) m., an increase of 41 percent during the year. (The Affärsvärlden General Index rose by 54 percent during the same period.) On March 4, the value of the portfolio was SEK 27,932 m., unchanged percentage - wise from the beginning of the year. (The Affärsvärlden General Index +8 percent.)

#### SAAB-SCANIA

Sales by Saab-Scania's business areas amounted to SEK 27,656 (26,992) m. during the year.

Income after financial items of Saab-Scania's business areas amounted to SEK 1,659 (2,126) m., of which SEK 729 (573) m. during the fourth quarter. Saab-Scania expects an improvement in income in 1994.

#### DIVIDEND

The proposed dividend to shareholders is SEK 5.25 (5.25) per share.

This is a summary of Investor's year-end report 1993. The complete report can be obtained from Investor AB, S-103 32 Stockholm, Sweden, telephone +46-8-614 20 00.

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PAN-HOLDING As of February 28, 1994, the ed not asset value

was USD 351,500,348.78, Le. USD 639.09 per share of USD 200 The consolidated net asset value per share amounted as of

February 28, 1994 to USD 673.62.

# orporated with limited liability in the Republic of Finland NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders of Notice Corporation (the "Company") of the Annual General Meeting ("AGM") to be held on Thursday, 7 April, 1994 at 3.00 p.m. at The Helsinid Fair Centre, Congress Wing, Congress Hall C1, Rautatieläisenkatu 3, Helsinid, Finland.

The following matters will be on the agenda of the meeting:

1. The metters specified in Article 12 of the Articles of Association:

a) review of the annual accounts, comprising the Profit and Loss Account, the Balance Sheet, the Annual Report
of the Board of Directors and the Consolidated Accounts,

approval of the Profit and Loss Account, the Balance Sheet, the Group Profit and Loss Account and the Group

d) decision on any measures to which the profit or loss shown in the approved Balance Sheet or Group Balance Sheet may give rise.

e) decision on discharging the members of the Board of Directors and the President from liability, it decision on the number of members to serve on the Board of Directors and the number of regular auditors,

g) decision on the remuneration to be paid to the members of the Board of Directors and to the auditors,

h) appointment of members of the Board of Directors, and accointment of the auditors and the deputy auditors.

2. A proposal by the Board of Directors to issue bonds with warrants to the management of the Nokla Group, disapplying the pre-emptive rights of existing shareholders. The bonds are intended as part of an incentive achieve for the management. The aggregate nominal value of the bonds shall not exceed FIM 200.00. The term of the bonds is five years. An annual interest rate of 2% will be paid on the bonds. The warrants attached to the bonds confer the right to subscribe for an aggregate maximum of 200.00 new preferred shares of part. value of FIM 20 during the period December 1, 1998 - January 31, 2000. The subscription price of the sh is the average closing price for Nokia's preferred shares on the Helsinki Stock Exchange in March 1994, munded-up to the next full mark.

The accounts for the 1993 financial year and details of the proposal mentioned in paragraph 2 above will be on display from March 29th, 1994 at the Company's Head Office at Eteläesplanadi 12, Helsinki, Finland, and the offices of Enskilde Corporate, Skandinaviaka Enskilde Banken at 2 Cannon Street, London EC4M 800. Copies of the documents in Finnish, Swedish and English will be sent to shareholders upon request to the Registrar. Copies of the accounts will also be svalished on request from Enskilde Corporate. Copies of the full annual report will be available from Enskilda Corporate from 29th March, 1994.

Shareholders who are registered in the Shareholders register not later then 28th March 1994 and who wish to exercise their voting rights at the AGM must give notice to the Company of their intention to attend not later then 5th April, 1994 at 4,00 p.m. Notice may be given to the Shareholders' Registrar in person at the Office of the Company at Helidelightie 6, Helsinki, Finland during office hours, or by telephone (358) 0 1807 390, or in writing to the Shareholders Registrar, Nokia Corporation, P.O. Box 117. SF-00211, Helsinki, Finland. Written notice should arrive no later than 5th April, 1994.

The record date for the dividend for 1993 is 13th April 1994. The Board will propose to the AGM that the dividend be peid after the explry of the settlement period on 18th April 1994.

Heisinki, March 1994 Board of Directors of Noida Corporation

BankAmerica Corporation US \$500,000,000 Floating Rate Notes For the period from March 9, 1994 to June 9, 1994 the March -

For the period from March 9, 894 to June 9, 894 the Notes will carry in interest rate of 4,28125% per servam with an interest amount of US \$109.41 per US \$10.000 principal amount of Notes psyable on June 9, 1994. Brok of America HT & SA. London - Agust Dunk LONDON RECENT ISSUES

use table. At the end of this period, a stock is normally moved to the ppropriate category of the London Share Service If the company so

in the full weekday editions of the FT, published on Theeday to Friday marrings, the table appears on the hall page of London Market Statistics that also includes the FT-Actuaries Fixed Interest Indices and London leaded.

On Saturdays It appears in the UK outpany Nova page, and on Monday on the Custanciae, Money & Capital Markete page.

SBAB

U.S. \$200,000,000

Floating Rate Notes due 1995 Floating Rate Notes due 1995
In accordance with the provisions of
the Notes, notice is hereby given
that the Rate of Interest for the
three month period ending 8th
June, 1994 has been fixed at
3.89063% per annum. The interest
accruing for such three month
period will be U.S. \$99.43 per U.S.
\$10,000 Note and U.S. \$994.77 per
U.S. \$100,000 Note against presentation of Coupon Number 8.
Union Bank of Switzerland
London Branch Agent Bank
4th March, 1994

4th March, 1994

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# Recovery ends as investors reduce their risk | Russian

By Conner Middelmann in London and Patrick Harverson in New York

The fragile recovery in European government bond markets ended yesterday, with 10-year bonds shedding about a point in most markets.

"Although markets had consolidated over the last few days, investors are still very nervous and are using the strength to off-load [long] posi-tions while speculative funds are re-establishing short positions," said Mr Keith Edmonds, chief analyst at IBJ Interna-

awareness of risk in the mar-ket," said Mr Jouni Kokko, international economist at S. G. Warburg Securities. "Many long-term investors have had their belief in the bull market story shattered on any uptick." he added.

Market participants are knife through butter," said a only 2 basis points below two keenly awaiting the Bundes- German dealer. The contract trading days earlier. bank's allocation of variablerate securities repurchase ers expect a small drop in the minimum repo rate to around 5.90-5.92 per cent from last week's 5.97 per cent. In the event of a small reduction, "we could see a brief rally, but people would probably look to sell at that level rather than buy," said Mr Kokko.

Weaker US Treasuries and rumours of near-term monetary tightening by the US Federal Reserve also put pressure on European bonds.

■ German bunds set the pace. with most activity centred in the futures pits, where trading was very technical. The June future broke several key support levels on its way down. "Each time we approached a support level, the contract went through it like a hot

hit a low of 96.40 and stood at 96.60 in lata London trade.

down 0.83 points on the day. Bunds dramatically underperformed their Dutch counterparts, which have seen less foreign selling in recent weeks.

#### GOVERNMENT BONDS

"Foreign holdings in the German market were massive, while at the long end of the Dutch curve, domestic holdings have outweighed," said Mr Torsten Böhler, senior bond analyst at UBS. Dutch domes-tics are holding on to their paper, while German domestics can't absorb all the paper sold

by the internationals."

The Dutch 10-year benchmark yielded some 10 basis points below its German counterpart yesterday, after being

■ The release of stronger than expected industrial output data got the UK gilt market off to a bad start and prices slid further in the afternoon on the back of weaker bunds. The June long gilt futures contract on Liffe fell by about 14 points

French bonds also elid fuelled by domestic selling. All eyes are on the Bundeshank's repo, which is seen to set the pace for much-needed rate cuts in France.

from Monday's close to 112.

On the Matif, the March bond futures contract ended at 126.22, down 0.46 from Monday.

■ Japanese government bonds rose on late short-covering in Tokyo and continued to post small gains in London trading. However, sentiment remains subdued by trade tensions between Japan and the US as well as supply concerns.

# After firming at the opening. US Treasury prices edged lower across the maturity range yesterday morning. By midday, the benchmark 30-year government bond was down 1 at 92%, to yield 6.811 per cent. The two-year note was down & at 99%, yielding

4.876 per cent. Trading was quiet, although prices did post modest gains in the first few hours of business. Analysts attributed the buying to a sense of relief among investors that the Federal Reserve has not raised interest

rates this week. The market could not maintain its early upward momentum, however, and as soon as the buying petered out, prices began to decline. In the absence of significant economic news, trading was described as very thin.

#### The bank's main focus will be on the over-the-counter stock market, where turnover is currently an estimated \$800m a month, according to Mr Boris Jordan, co-bead of the Russian subsidiary. Mr Jordan expects Russia's capital markets to expand rap-

from emerging market inves-tors. Ha predicts financial investment of around \$5bn in Russia this year. Other foreign banks have been slow to follow CSFB's lead in Bussia, citing lack of sufficient flowe of business and infrastructure difficulties. But Mr Jordan insists that CSFB's Russian subsidiary

idly, due to growing interest

granted to a foreign-owned

By Tracy Corrigan

Institution.

"has been a profitable operation from the start". • Merrill Lynch of the US is increasing its presence in China with a second representative office, in Belling, our

Beijing staff write. Mr Li Peng, China's premier, urged Mr Daniel Tully, Merrili Lynch chief executive, at a meeting in Beijing this week to further strengthen his company's involvement in China's financial sector. It is already operating in Shanghai.

Merrill Lynch is now a chief underwriter of Chinese company shares and government bonds in the international financial markets. It has raised more than \$4bn for China through 23 securities issues since 1992.

0.76 8.61

2.22

127,38 154,69 176,72 205,95 150,43

148.50

-0.33 -0.71 +0.50 -0.29

-0.04 -0.12 -0.11

-0.03

2.07 5 yrs 3.13 15 yrs 3.53 20 yrs 1.47 irred.† 2.82

#### S&P cuts ratings of Japanese banks securities licence for the large amount of restruc-By Emiko Terazono in Tokyo CSFB unit

Standard & Poor's, the international credit rating ageocy, has lowered the debt ratings of Industrial Bank of CS First Boston's Russian Japan and Long-Term Credit subsidiary has been granted a Bank of Japan, two of Japan's leading long-term credit banks. securities licence by the Russian ministry of finance. The licence allows the firm because of their larger than expected exposure to bad to trade and underwrite equity and debt, and is the first to be

The agency lowered IBJ's senior debt rating from AA minus from A plus, while LTCB's senior debt ratings were cut from A to A minus. S&P said substantial write-offs will ultimately be neces-sary by IBJ to resolve its bad loans to housing loan companies. However, the write-off process has been limited due to IBJ's earnings levels and the limit on the sales of its cross-

shareholding portfolio. LTCB's downgrade reflects

tured loans, or loans on which the bank has lowered or walved interest to help restructuring, on top of Y731bn

in non-performing loans.
Meanwhile, S&P has also downgraded the claims paying ability ratings of four non-life insurance companies and two life assurers. Japan's non-life insurance sector is suffering from reduced profitability due to higher loss ratios, insufficient premium rates and greater catastrophe costs. Increased competition is also expected to hurt the country's

life assurers. The clolms paying ability ratings of Chiyoda Fire & Marine, Dai-Tokyo Fire & Marine, Nichido Fire & Marine, Nippon Fire & Marine, Yasuda Mutual Life and Meiji Mutual Life were downgruded to AA plus from AAA.

# **Turkey postpones** \$750m global off

By Antonia Sharpe

Recent price weakness in government bond markets claimed another victim yesterday when the Republic of Turkey pulled its \$750m global bond offering at the eleventh hour. Two weeks ago, a beavy

#### INTERNATIONAL BONDS

fall in US Treasuries led the National Bank of Hungary to delay its global offering.

Joint lead manager Salomon

8.74 6.39 6.74 6.89 6.87 7.81 6.80 7.13 7.54 123년 128년 116년 116년 116년 116년 116년 116년 118일 118년

7,44 7,22 5,41 1,59 7,35 7,45

Turkey had o inserting a three option into the 10-ye make it more Although price around 250 basis the yield on 10-year the put meant Tur have to pay 350 b over three-year This was thought too high

Although Turkey decided to wait for better conditions, syndicate managers reported a wide range of borrowers making enquiries about raising

The Inter American Develop-

er	1
considered e-year put ear offer to palatable. talk was coints over Treasuries, dasis points freasuries.	
reasuries.	;

funds in the Eurobond market.

	NEW INTERNATIONAL BOND ISSUES											
Borrower US DOLLARS	Amount m.	Coupon %	Price	Mahality	Fees %	Spread to	Book number					
Uniden Corp.(e)© Benco Francès e Brasileiro Benk of Tokyo Trust Co.(b)‡ Ohlá Corp.(d)±©	190 118 50 50	1.00 7.50# (c) 1.25	100.00 120.00A 180.225 100.00	Mar.1998 Mar.1995 Apr.2004 Mar.1998	2.25 8.50R 0.325 2.25	+330(7-68)	Nomusa International Critilyonnels Euro-Secs. Bank of Tokyo Cap.Nida, Fuß Bank (Schweiz.)					
STERLING Chubu Bectric Power(e) SGW Finance(f)‡	250 150	6.75 (g)	99.55R 99.85R	Aug.1998 Mar.1988	0.25R 0.175R	+40 (8%-99)	Sakura Fin./ SG Werburg SG Warburg Securibes					
TALIAN LIRE Deutsche Bank Finance(h)	100bn	8.25	99.36	Jen-2004	2.00		Deutsche Bank London					
SWIBS FRANCS Sharp Corpline	700	0.125	100.00	Mar.1998		-	Credit Sunse					
LUXEMBOURG FRANCS National Bank of Hungary	2bn	8.875	151.90	Apr.2001		_	9CEE					

manager, APrivate plecement, QW/ith equity warrants, \$Floating rate note, #Semi-annual coupon. Rt. fixed re-offer price; fees are shown at the re-offer level, at Floring; 16/3/94, b) Castable on 14/4/97 and annually thereafter at per, c) 8-nth Libor +0.45% for tet 3 yrd and 9% ftd thereafter, d) Fixing; 14/3/94, e) Short 1st coupon. f) Putisble in Mar.98 at per, g) 3-nth Libor +0.2%, h) Fungible with outstanding L200bn. Plus 83 days accrued, f) Fixing; 10/3/94.

around £125m and could be launched this week provided agreement could be reached on

offering of five-year Eurobonds from Chubu Electric Power of Japan. The pricing of the

8.55 7.85 8.59 11.59 8.49 8.49 8.43 8.43 8.43 8.43

tic pricing was needed to reopen the market after the recent fall in bond prices. Nevertheless, syndicate managers said the pricing was not enough to ensure swift place-

ment and estimated that only

half of the bonds had been sold

FT-ACTUARIES FIXED INTEREST INDICES

127,38 154,18 175,48 206,97 149,99

184.25 183.73

148.47

by the close of business.

Price Indices UK Gibs

Up to 5 years (23) 5-15 years (24) Over 15 years (8) bredeemables (6)

6 Up to 5 years (2) 7 Over 5 years (11) 8 All stocks (13)

9 Debs & Lours (73)

# BCH under review for downgrade by Moody's

By Tom Burns in Madrid

Moody's, the US credit rating agency, has placed Banco Central Hispano, Spain's largest bank in terms of assets, under review for possible downgrade.
The development affects

about \$2.5bn of debt, and BCH's share price fell 3.3 per cent yesterday in Madrid. The bank is currently rated A1 and Prime-1 for long and short-term certificates and

Prime-I for commercial paper. This is the first move by a rating agency on a Spanish bank since the Banesto crisis broke last year. The Spanish central bank sacked Banesto's board after finding that it had grossly overvalued its assets. Banesto is to be sold to a

6.49 7.57 7.84 8.93

Mer e Mar 7 Yr. ago

domestic bank next month. Moody's sald it would focus on BCH's core earnings, including its reliance on nonrecurring earnings, on the quality of its assets and on the progress of a cost reduction programme that followed the 1991 merger between Bunco Central and Banco Hispano Americano that created BCH.

BCH's net interest income narrowed in 1993 and Its operating profit margin was significantly boosted by strong trading revenues earned during last year'e volatile interest rate and currency movements.

Bad debts, which were above 7 per cent of its loan portfolio, eased slightly and BCH claims now stand at 6.8 per cent, below the sector average.

6.75 8.07 6.24

6.72 744 7.44

Mar 8 Mar 7 Yr, ago

6.70 7.38 7.39

6.57 7.14 7.14

Mar 8 Mar 7 Yr. ago Mar 8 Mar 7 Yv. ago Mar 8 Aler 7 Yv. ago 8.01 8.48 8.21 6.18 6.17 8.27 8.27 9.40

8.59

Brothers b conditions ponement yields had	for 's	I poor Turkey'd US Ti en five	marke e post reasur, basis	t men was y offer s ceed	considering in the considering in the considering in the constant in the const	confirm lering a sterling which	ed that Eurobon , the pro would h	it terms. d burg wo cussion e 15 basi	The bank as involus. Price as points	said S. ved in t talk was over th	G. War- he dis- s 10 to	over descri- light o	to yiel five-ye bed as of the bo	ear gil generou rrower's	ds points ts, was s in the superior
points sinc the borrowe							rancs. The		ear UK g main dea		£250m				ead man id realis
WORLD															
BENCHMA	ARK	GOVE	RNME	NT BO	Doy's	W	esk Month	italy a NOTE	NAL ITALIA	N GOVT,	BOND (BT	P) FUTUR	鸖		
		Coupon	Date	Price	change	Yield a	go ego		Lira 200m	100ths of	100%				
kustralia. Selgium		9.500 7.250	08/04	115.0100 181,7500	+0.450	7.10 6.9 7.00 7.0			Open	Sett price	•	High	Low	Est. voi	Open int.
anada *		6.500	06/04	94,9000	-0.450	7.21 7.0	03 6.62	Jun Sep	112.95	111.72 111.27	-1.26 -1.21	113,15	111,30	45878	96486
enmark rance E	BTAN	7.000 8.000	12/04	102,8500 108,3000	-0.600 -0.270	6.62 8.0 5.70 5.4									_
	OAT	5.500	04/04	94,4100	-0.650	6.26 6.	35 5,90	III ITALIA	N GOVT. B	OND (BTP)	FUTURES	OPTIONS	OUFFEE LIN	200m 100	hs of 1009
ermany sty		8.500	09/03	99,0800	-0.470 -0.470	9.131 6		Strike			T2 -			PUTS -	
	0 † 19 0 157	4.800	06/89	104.8850	+0.350	3.70 3.4 4.02 3.3		Price 11150		Jun 2.47	3.11		Jun 2.25		Sep 3.34
atherlands		5.750	01/04	97,4000	-0.480	6.11 6	10 5.79	11200	4	2.20	2.86	1	2.48		3.61
oelin K Galts		18.500 6.000	10/03	111,9500 98-07	-0.400 -8/32	8.61 B.		11290 Est. vol. 20	. Cally 2816	1.96 Puls 1862.	2.66 Provious de		2.74 Calls 59714		3.59
		6.000	11/04	97-25 115-23	-33/32 -38/32	7.08 7.1 7.24 7.2									
S Treasury		5.875	02/04	96-20	-7/32	6.34 8.	16 5.95								
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andon closing, "N Gross armuni yi			drillon son	at 125 nav	cent romahi		market atundan		NAL SPANI	SH BONO	FUTURES	(MEFF)			
toes: US, UK in	32nds,	others in de	cinal	- 100 pm	own pagame	Source: M	MS Internation	-	Open	Set price	Change	High	Low	Est. vol.	Open int
SINTER	<u>EST</u>	RATE	<b>&gt;</b>					Mar	102.54	100.58	-1.60	102.61	100.65	64,000	74,674
nchilime rates			month	Treasury		Band Yields	4.	Jun	102.40	100.68	-1.33	102.40	100.50	10,287	63,924
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liter Joan rate Litundo Litundo at Interve	enflere		wangi ''''		3.87 10	is hear.									
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OND FU	TUR	ES AN	D OP	TIONS				Mar	Open 113-20	Sett price 112-23	Change -0-30	High 113-20	Low 112-18	Est. vol 3281	Open int. 15080
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rance		w. e	-					Sep m I CMG	111-17 OIL T EL TO	110-31	-0-29	111-17	111-17	18	8
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LONG TERM	en PHICI		LLS	NO (MAIN)		PUTS		Est. vol. to	nd, Calls 3013	Puts 4447.	Previous de	r's open inc.,	Calls 53075	Pub 45900	
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18. 19	0.11		47 28	:	- 1	2.77 3.46	3.58	ECU B	OND FUTUR		_				
K. vol. total, Col	<b>34,22</b>			dey's o	apen Int., Cr		uto 245,563.	Mar	Open 118.46	Sett price 118.20	-0.26	High 118.56	Low 118.00	Est. vol. 3,830	Open Int. 12,089
iermany								Jun	92.52	92.20	-0.36	92.58	92.30	329	575
NOTIONAL								US							
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	96.96	96.34	-0.90				4295		Open	Latest	Change	High	Low	Est. vol.	Open int.
BUND FUTU	URES C	PTIONS (	JEFFE DA	4250.000 m	oints of 16	00%		Mar	111-03	111-15 110-12	+0-09	111-10 110-14	111-03 116-00	19,496	100,821
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A REPORT

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# Growth expected to continue at Hays Environmed Gartmore higher

By Andrew Bolger

Hays, the business service group, increased its pre-tax profits by 33 per cent to £38.6m in the six months to December 31.

Mr Ronnie Frost, executive chairman, said the distribution and personnel core activities both increased profits by a substantial margin while commercial activity saw profits increase more mod-

estly. He said: "The improvement in profit is expected to continue in the second half, although the percentage increase will be lower due to the stronger perfor-mance in the comparable period last

Hays said the trading environment of its UK businesses had slowly improved

In distribution, operating profits increased by 34 per cant to

Mr Frost said the chemical distribution profits were adversely affected by over film as a result of the weakness in the world price of caustic soda, although sales volumes had been well maintained.

He said: "There was a particularly strong performance from packaged chemicals which continued to increase both market share and margins, win-ning a new contract with Shell for the distribution of solvents."

In personnel, operating profits bounced back from £2.1m to £6.4m.

increase, but at a slower rate.

Operating profits from commercial activities rose from £10.6m to £11.7m. Britdoc, the group's overnight parcels business, had expanded. However, profits from records management fell as demand shifted from space managed by clients towards Hays fast access stor-

Earnings per share increased by 31 per cent to 6.4p (4.9p). The interim dividend was lifted by 15 per cent to 1.95p (1.7p).

COMMENT

since January, 1983, whilst the German
and French economies remained in larly buoyant and the number of permanent placements had also started to just holding on to recent gains was no mean achievement. The results were in line with expectations, although analysts were disappointed that the share of profits coming from the group's highly regarded commercial activities fell back from 35 to 28 per cent. Forecast full-year profits of £85m put the shares on a prospective multiple of 22, a 30 per cent premium to the market. The shares have outperformed by 16 per cent over the past year, so they cer-tainly are not cheep at this level. How-ever, Hays still has plenty of recovery potential in both personnel and caustic

soda distribution, even if Mr Frost does not expect the chemical's price to firm

# A share price unchanged at 300p not expect the chemical's price seemed scant reward for announcing much before the end of 1994. surges to £7m midway

Profits at Southern Naws- increased turnover by a "sig-papers, the regional newspaper nificant" amount. group, surged from £3m to £7.15m pre-tax for the 26 weeks ended January 1. The figure included a £3.5m profit from the sale of the group's share-holding in Portsmouth &

Sunderland Newspapers. Turnover improved to \$36.62m (£35.41m), generating operating profits of £3.58m (£2.95m). The group had noted

s "slight improvement" in trading conditions since July. The main contributor to the improved trading performance was the newspaper division, although the magazine contract printing division

Ramings emerged at 25.28p (8.88p) and the interim dividend is being lifted to 3.5p (3p). The directors said the acquisitions of the Stour Valley News, Monitor Business Magazine and the seven titles of the west country-based Star News-paper Group had yet to make a real impact on the results. They added that the benefit

of rationalisation programmes in all cases should be seen in the second half.

The half year pre-tax result virtually matched the 27.51m returned for the previous full

#### Thorn EMI in German buy

Thorn EMI, the UK music and rentals group, is to acquire Intercord Tongesellschaft, the largest independent German recorded music company owned by Verlagsgruppe Georg von Holtzbrinck.

Intercord has an annual turnover of DM150m (about £58.5m) and about 5 per cent of the German market. Artists include Reinhard Mey, Pe Werner, Pur, Depeche Moda, Era-sure and Captain Hollywood.

# and joint venture

By Tim Burt

Environmed, the biotechnology group, yesterday announced a £9m acquisition and joint venture plan simed at expanding its distribution and supply of research and healthcare prod-

The company, which came to the market last year, said the expansion would be dominated by the acquisition of Bioxyme, the private laboratory group, for 28.05m cash.

Mr Peter Townsend, chief Mr Peter Townsend, chief executive, said Blozyme — which specialises in the isolation and supply of enzymes for clinical laboratories and the diagnostics industry — would complement its existing biochemical monitoring business. "It's a very exciting prospect

for us — Bioxyms's enzyme technology will make an important contribution to our operations," he added.

Environmed has also agreed to form a European joint venture with Selfcare, the US dis-tributor of self-diagnosis and

self-treatment products. As part of the joint venture agreement, Environmed is buy-ing a 12.5 per cent stake in the Massachussett's-based com-

pany for \$1.5m (£1m). The Biozyme acquisition and Selfcare share stake will be funded by a £9.8m placing and open offer of 8.63m new ordi-nary shares at 1250 each.

Singer and Friedlander, which is handling the offer, said existing ahareholders would be offered new shares on a 3-for-5 basis.

Enviromed's directors, who currently hold 52.06 per cent of the chares, are expected to retain 34 per cent once the placing and offer is completed.

# than forecast

By Norma Cohen. ents Correspondent

Gartmore, the IIK-based fund management company yesterday reported pre-tax profits for 1993 of £24.6m, nearly £2m higher than forecast when its shares were first offered to the public last November.

Banque Indosuez floated 25 per cent of its stake in Gartmore last November in a sale which valued the company at about £338m. Profits would have been

£2.7m bigher had it not been for non-recurring items relat-ing to the disposition of a loan and staff retention scheme set in place when Banque Indosuez was the sole owner. Gartmore's funds under

management grew 64 per cent in 1993 to 521bn, with net new money up 54.2bn. The remain-der of the growth was accounted for by market move-ments and investment returns. Mr Paul Myners, executive chairman, said the rate of new business growth was highly unusual for Gartmore or for the industry generally and is unlikely to be repeated. "Wa would discourage analysts and

others from forecasting this

rate of growth," he said.

Mr Myners said the company was increasing its share of so-called specialist mandates as well as its share of balanced mandates. There has been s net increase of 22 new accounts and the average size

of these is larger. Mr Myners said that to handle the influx of new cash. Gartmore had increased its ataff numbers by 36, mostly adding fund managers and client service managers. Industry analysts have said that the greatest difficulty facing Gart-more, now one of the so-called "Big Four" UK pension fund managers, is whether it can manage the rapid increase in funds under management without damaging investment performance or client servicing

capacity.
Mr David Watts, managing director of Gartmore's pension fund management business, said that the growth in assets had made rapid execution of portfolio shifts somewhat more difficult.

Gartmore has begun to ask its clients for permission to use derivatives to gain access to markets quickly at lower execution costs.

#### Burnfield tumbles to £0.78m

Burnfield incurred a loss in the second half and for the whole of 1993 suffered a profits fall from £2.68m to £776,000 pre-tax. The total dividend year is being cut to 2.5p (5.75p) via a reduced final of 0.85p. Earnings per share were 1.4p (6.5p). The second half deficit of

£493,000 compared with previous profits of £1.57m.

The directors said, however, that 1994 had started well and that actions taken would bring

an early return to earnings and dividend growth. The shares rose 5p to 77p. Turnover rose from £29.82m

to £38.58m. The West Midlandsbased group manufacturee industrial controls and measurement equipment. Restructuring costs of £1m at the Isopad and Budenberg offshoots were charged against profits as were aborted acquisition costs and head office restructuring expenses of £486,000.

# Taunton and Molson in US cider deal

By Peggy Hollinger

Americans used to the traditional autumnal tipple of appls cider may find some-thing rather more exotic on offer this year with the announcement yesterday that Taunton Cider has clinched a distribution deal with the spe-cialist drinks importer, Mol-

son USA.

Taunton is aiming at the up market drinker, including the "working woman who wants to stay in control". She will be able to enjoy products such as Fres, which is what Taunton calls a low alcohol product at just 4 per cent. Other ciders to be introduced are Diamond White and Red Rock.

Taunton said yesterday it planned to introduce six of its brands in four states from May through Molson's distribution network. After an initial trial period, one or two brands would be chosen for sals throughout the US.

The group is moving into the US as trading in the UK appears to bave become increasingly difficult. Taunton also announced that competition from the supermarket economy brands continued to affect trading. A substantial marketing programme had been launched which would result in a lower average selling price for the second

half. As a result, Taunton said sales and operating profits were expected to be largely in line with last year's £129.9m and £19.7m respectively. How-ever, Mr Nick Pearch, finance director, said there was likely to be some benefit at the pretax level from lower interest

The US deal was not expected to show a return for some time. All proceeds from the first year's shipment would be

reinvested in marketing. Mr Pearch said the US poten tial was enormous, with the beer market some five times higger than in the UK.

# Johnson Matthey chief | Southern Newspapers executive to resign

By Maggle Uny

Mr Richard Wakeling is to quit as chief executive of Johnson Matthey, the precious metals group, at the end of this month. Ha is expected to receive compensation in the region of £390,000.

Mr Wakeling is not being replaced, but Mr David Davies, chairman, is to take on the chief executive role as well. Mr Geoffrey Wilson, a non-executive director, is becoming deputy chairman.

Mr Wakeling, 46, joined JM as a non-executive director in 1987, when he was finance director of Charter Consolidated which held a 38.5 per cent stake in JM. Charter sold its stake a year ago. He became deputy chief executive in January 1990 and chief executive in January 1991. JM said it wished Mr Wakeling well in

his "alternative career". JM said yesterday that Mr Wakeling's job had been to supervise the three year reor-

ganisation of the group and he had now completed his task. It had been the consensus view of the board that his job was no longer necessary.

It said that operational management was strong and Mr Davies was a hands-on executive chairman. Further, the group had talked to its institutional

shareholders about combining the chairman and chief executiva roles. The changes had been approved by two non-exscutives representing the group's two largest shareholders, Johannesburg Consoli-dated Investment and Minorco, which hold 20 per cent between them bought from Charter. Mr Chris Clark, executive

director in charge of materials technology, becomes managing director, materials technology. colour and print. Mr Graham Titcombe, executive director, precious metals and catalytic systems, becomes managing director with the same respon-

# Gibbs and Dandy back in the black with £850,000

bad debts helped Gibba and Dandy, builders merchants, turn in a profit for 1993 after

three years of losses.
The company made a pre-tax profit of £852,000 for the year to December 31 against a loss of £124,000, helped by a cut in interest charges from £377,000 to £136,000 and the reduction of bad debts to 2208.000.

Reductions in costs and interest charges and a halving of ware 7.4p, against losses of

The return to profitability by the end of the first half gave the company the confidence to pay its first dividend for more than three years, an interim of 1p, and to anticipate a second interim of at least 1p.

This is now to be paid at 15p, with the payment as a second interim instead of a final making earlier payment Turnover for the year was possible and giving a 2.5p total 4.2 per cent ahead at £23.5m for the year.

# Amec in Norwegian expansion

Amec Process and Energy, an arm of Amec, the engineering and construction group, said its Norwegian offshoot had entered the Norwegian contracting and maintenance industry through the acquisttion of NE Norsk Elektro, giv-

ing Amec about 5 per cent of Norway's offshore contracting and maintenance market.

Norsk Elektro has three operating subsidiaries which will now trade as Amec-NE Contractors, Amec-NE Mekaniske and Amec Intronic.



Not so long ago, most fund managers thought derivatives were purely for speculators. Everyone else was content with buy, sell and hold.

Today, equity options play a key role in the portfolios of every kind of fund manager. Equity options are established, the liquidity is there and the perceptions have changed dramatically.

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# Evode enhances Laporte's earnings

Laporte, the speciality chemicals group, ended a three-year decline in earnings per share in 1993 helped by last February's acquisition of Evode, the adhesives and plastics manufacturer.

At the time the City had been sceptical of Laporte's insistence that Evode would enhance earnings. But Mr Ken Minton, chief executive, said that all Evode's husinesses had performed extremely well and that the acquisition had more than met the commitment made to shareholders.

Evode, which cost £228m including debt, made an 11-month contribution with operating profits of £27.6m on sales of £250m. That helped group pre-tax profit advance 24 per cent to £107m (£86.6m). Group turnover jumped 47



Ken Minton: disposals to fund capital spending and acquisitions

including associates of £16m (£86m). Earnings per share rose 6 per cent to 41.4p (39.2p). The dividend is also increased by 6 per cent with a proposed

final of 13.3p taking the total to

20.7p (19.5p). Mr Minton said thet excluding acquisitions and favourable exchange rate movements pre-tax profits would have been "just slightly ahead". The level of provisions against Evode, which surprised analysts when first announced at the interim stage, has edged • COMMENT up £1m to £25.9m

Mr Minton said Evode's margins had more than doubled to 11 per cent and that there had been no benefit from written down stocks.
Profits were struck after

sharply higher depreciation of 227.2m (£17.8m) following several years of heavy capital investment. Capital expendi-ture fell from £74.1m to £48.8m and there was e cash inflow from operations of £21.8m. compared with an outflow of £81.2m in 1992.

After peaking at £190m immediately after the Evode acquisition borrowings ended the year at £135m (£126m) for gearing of 44 per cent. Mr Min-ton said there would be further disposals this year with the proceeds "redeployed in capital

spectacularly with net casb

flow from operations increas-ing to \$271.4m (\$221.9m) last

year. ADT's residential secu-

rity operations continue to

benefit from growing concern

about crime on both sides of

the Atlantic while the car auc-

tions business should benefit

from the revitalised new car

market. The group has been

investing heavily to cut costs

and the few remaining non-

expenditure and add-on acqui The shares fell 20p to 794p.

The City seems to have regained its faith in Laporte after two years of doubt. Although earnings per share in 1993 were more than a tenth lower than the 46.7p recorded in 1989 supporters point to Laporte's achievements over the period, not least the exit from the Interox joint venture which left it a pure speciality chemicals company. The Evode make the acquisition numbers add up and the company can still blame market conditions for the lack of underlying growth. But that will have to change soon if its regained premium rating is to be sustained. Assuming profits of £120m this year, for earnings of about 45p,

the multiple is now almost 18.

# Barings leaps to £100m helped by securities side

By Norma Cohen,

Barings, the closely held UK-based investment bank, reported pre-tax profits of £100m for 1993, a dramatic improvement over 1992 when they halved to 221.2m from the year before.

The group, whose share capital is owned by a charity established by the Barings family, did not provide details of which activities had contributed most to profits. But Mr Andrew Tuckey, Barings deputy chairman, said that Baring Securities, which had experi-enced significant losses on Japanese equities in 1992, had recovered strongly in 1993. He also said that the Group had benefited from the enor-

emerging markets securities

However, emerging markets have fallen somewhat since the start of the current year and Mr Peter Baring, chairman, warned that the improvement in the group's profitability was unlikely to continue at the same pace in 1994. "During 1993, a number of factors working in our favour

helped us produce significantly improved profitability. While it is unlikely they will persist during 1994, the year has started well and I believe we will face no shortage of opportunity," he said. Barings said that its income from trading activity grew

sharply from £65.3m to £149m while fees and commissions rose from £272m to £377m. Operating expenses also rose sharply to £469m aginst £349m. mous surge in interest in investing in emerging markets. Mr Tuckey said that world-Among Baring's core busiwide Barings has increased its nesses is its role as an agency stockbroker and trader of staff by about 10 per cent but the need to increase bonuses

Mr Baring said: "It is imperative for us to remmerate competitively if we are to attract and retain good people; this is especially the case for e group like Barings which is operating internationally, often in direct competition with US-owned

A reorganisation which inte-grated the Baring Securities and Baring Brothers and Co arms of the business into a new investment banking group is paying off, Mr Tuckey said. The costs of that reorganisation, due to be completed this year, were absorbed in the 1993

Also contributing to profits were the ectivities of US investment bank Dillon Read in which Barings has e 40 per cent stake. Mr Tuckey said the bank, which specialises in US corporate finance and municipal bond underwriting and trading, had had its most profitable year ever in 1993.

# ADT net income little changed at \$111.7m

By Paul Taylor

ADT, the electronic security services and car auction group which does much of its business in the US but retains a UK quote. yesterday reported net income of \$111.7m (£76.5m)

The result was little changed from the \$109.1m recorded in 1992, the first year that Bermude-registered reported under US

Earnings per share were unchanged at 80 cents despite a higher \$21.2m (\$6.8m) tax charge and the issue of 20.7m new shares as part of the

Cupid, the beleaguered bridal

wear manufacturer, is believed

to have commissioned a firm of

accountants to investigate

events leading to this week's

warning of substantial losses,

The group is also expected to

announce the departure of Mr Richard Shaw, chief executive,

who earlier this week was

suspended temporarily from

Staff at Cupid's Lancashire offices said yesterday he had

writes Peggy Hollinger.

\$1.25bn refinancing package completed in August.

Operating income after goodwill amortisation of \$26.5m (\$27.9m) increased by 8.5 per cent to \$197.4m (\$181.9m) on net sales of \$1,38bn (\$1,35bn) led by the electronic security services business which lifted its profit contribution to \$154m (\$141m) on sales of \$937.3m

Commenting on the results, Mr Michael Ashcroft, chairman and chief executive, said they were "on target with the electronic security services divieion succeesfully edding 145,000 new residential customers during the year and the

Accountants investigate Cupid

already left the company.

it is believed that Mr Shaw,

who was on a 12-month rolling

contract, will receive compen-sation of less than £100,000. He

was brought into the group at

the request of shareholders fol-

lowing a profits warning in

February 1993. His brief was to lead Cupid through a series of

ecquisitions. However, this

announced interim losses of

£456,000 and said it was not

In January, the company

programme was never begun.

vehicle euction division having continued success in encourag-ing new and used vehicle dealers to attend the company's auctions on a regular Net interest costs increased

to \$47.3m (\$42.7m) mainly

reflecting a decline in interest Mr Ashcroft said the refinancing, which lengthened ADT's sverage debt maturities to over seven years, provided "a firm base for the continued develop-

ment of the businesses." ADT's two core businesses con-

tinue to perform solidly if not

clear whether it would return

to profitability for the year. On

Monday, however, it became

clear that the losses would be

substantial after provisions

needed to restructure the

replace Mr Shaw. It is under-

stood that his responsibilities will be shared by Mr Stephen

Riley, the finance director, and

Mr Robert Devlin, managing

director of the Pronup-

Cupid is not expected to

bridal business

core operations are slated for sale. Offsetting these positives are the higher interest costs ociated with the debt refinancing and the continued increase in ADT's reported tax rate, which will leave earnings virtually unchanged this year ADT's shares continue to underperform the market, reflecting investors' concerns ebout the group's chequered

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Brent Intifin	24	May 23	5.8	4	7.4
Burnfieldfin	0.85	Apr 29	4.1	2.5	5.75
Claremont Garm'tfin	4.5	Jul 4	3.95	0.1	7.25
Expannetfin	1.25	May 6	1.10	2.5	3.25
Fisonsfin	1	Jul 1	5.4	4.3	8.7
Gibbs and Dandyfin	1.5♥	Apr e	nE	2.5	nli
Haysint	1.95	May 31	1.7	-	5.3
history §fin	1.8	Jul 1	1.8	3.1	3.1
Kerry Groupflg	1.693	-	1.47	2.0	2.26
aportefin	13.3	May 17	12.5	20.7	19.5
Unreadflo	2.35	May 18	2.25	3.92	3.75
MR Dataint	2.076	Apr 15	1.73	-	5.19
Pacer Systems 5	3.5☆	June 15	3.5	6.5	6.5
Plantsbrookfin	2.3	Jul 1	2	3.4	3
PolypipeInt	0.71	Apr 25	0.66	-	21
Sumitfin	2.3	May 30	nii	3	1.4
Surterfig	5.8	June 20	5.6	9.2	8.8
Thorntonsint	1.45	Apr 29	1.25		3.65
USDC Invtin	3.25	Apr 19	3.25	4.5	4.5
Wates Cityfin	nil		nll	nii	0.77
WPPfin	0.65	Jul 18	nll	1	nil

## Dividends shown pence per shere net except where otherwise stated, †On Increased capital. §USM stock. §Payable as second interim. & cents

# Ingredient for success pays off as Kerry achieves I£35m

had also contributed to the

By Tim Coone in Dublin

Strong growth in its food ingredients division, supported by a strong dollar, helped Kerry Group, the Irish food manufacturer, lift pre-tax profits by 22 per cent to 1985m (£34m) for the year ended December 31.

Turnover grew from 16827m to 16880m. Food ingredients now comprise 40 per cent of turnover, having grown by a fifth in 1993. The meat division contracted slightly while the dairy activities grew only mod-

No divisional breakdown of profits was given but the company said margins had improved across the group. The tax charge rose from 11.4 per cent to 17 per cent, reflecting the group's broader geographic spread - especially into the North American mar-

Kerry now has six food ingredient plants in the US, two in Canada and, following an acquisition in December,

one in Mexico. The latter is expected to boost group turn-over by a further 1270m within the next two to three years. Further acquisitions in this sector are being considered in both North and South America as well as in Europe.

Capital expenditure more

than doubled during the year to 1941.7m, while a further I£17m was spent on acquisi-

Borrowings increased by 1638m to 16142m, giving e gearing of 56 per cent. Interest charges were cut to If10.99m (If13.89m) largely as e result of the group's placing of \$155m (£106m) in loan notes with US investors last September at what were described as "historically low interest

Earnings per share advanced to 18.5p (15.8p) and a final dividend of 1.69p makes a 2.6p (2.26p) total.

COMMENT The strategic expansion of Kerry's food ingredients divi-

sion in the US, Canada and Mexico has been clearly justified given the increasingly significant contribution of these investments to the bottom line, even if the company is paying top prices for its acquisitions. What is not so clear is whether the group's earlier diversification into the intensely-competitive and low margin red meat processing business was as well considered or planned although it has successfully built up e strong customer base through multiple retail outlets in the UK and Europe and seems prepared to operate at tighter margins than some of its main competitors. Continned growth will come through the food ingredients and convenience meats divisions and pre-tax profits of 1639m seem likely for 1994, giving earnings of 20p and a pro-spective ple of 16.8. As the blue chip of Irish food stocks this looks sustainable, but don't expect it to outshine the market as much as it has in the

If you're fed up ith going through all of these to

get a decision,









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Application has been made to the London Stock Exchange for the Ordinary Shares and Warranta, issued and to be issued pursuant to the Offer, to be admitted to the Official List.

### Morgan Grenfell Latin American **Companies Trust PLC**

(Incorparated in England and Wales under the Companies Act 1985 with registered number 2902424)

Use BLOCK CAPITALS

Offer for Subscription by James Capel & Co. Limited of 125,000,000 Ordinary Shares of 25p each (with Warrants attached on a 1 for 5 basis) at 100p per Ordinary Share payable in full on application

provide shareholders with long term capital growth by avesting in Latin American stock markets. The portfolio will be diversified in terms of both country and industry exposure and will be managed by Morgan Grenfell Trust

damagers Limited. 125,000,000 Ordinary Shares of 25p each (with Warrant attached) are being offered. If the Offer is fully subscribed the estimated net proceeds of the Offer will be £120.44 million. Irrevocable undertakings have been received by James Capel & Co. Limited ("James Capel") (as agent for the Company) from Directors and other persons to re others to make, applications pursuant to the Offer to respect of an aggregate of 53,000,000 Ordinary Shares (with Warrants attached) at 100p per share. The Company atends to accept these applications in full. James Capel has inderwritten the Offer to the extent of the Ordinary Shares covered by such undertakings; the balance of the Offer has not been underwritten. Ordinary Shares and Warrants will be allocated even if the Offer is not subscribed for in full. fernes Capel is a member of the Securities & Futures Authority and the Landon Stock Exchange.

The Offer opens on Wednesday, 9 March 1994 and will close at 10,00 a.m., on Wednesday, 23 March 1994. Completed Application Forms should either be sent by post to The Royal Bank of Scotland pic. Registrar's Department, PO Box 452, Owen House, 8 Bankhead Crossway North, Edinburgh EHII 4TQ or delivered by hand to The Royal Bank of Scotland plc, Securities Services - Registrars, 67 Lombard Street, London EC3P 3DL in each case to be received by not later than 10.00 a.m. on Wednesday, 23 March 1994.

Availability of Listing Farticulars: Copies of the Listing Particulars and Mini-Prospectus (both including the Appli-cation Form) are available for collection from the Company Amountements Office, the London Stock Exchange, Stock ange Tower, Capel Court Estavoce, off Barti Lane, Landon BC2 on 9 and 10 Merch 1994 and, until 23 March 1994, from:

Morgan Grenfell Trust Managers Limited, 20 Finsbury Circus, London EC2M INB: 2. James Capel & Co. Limited, Thames Ex

10 Queen Street Place, London SC4R 1BL; 3. James Capel & Co. Limited, 2F Capital House, Festival Square, Edinburgh £H3 9SU;

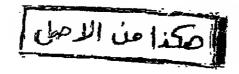
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of Application set out in Pa	r Ordinary Share (with Warraner attached on a 1 for 5 basts) on the terms and condition or V of the Listing Particulars.
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APPLICATION FORM MORGAN GRENFELL LATIN AMERICAN COMPANIES TRUST PLC

IMPORTANY: Before completing this form, you should read the Listing Particulars of Morgan Grenfell Latin
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Particulars apply to any application made on this form. Applications must be for a minimum of 2,000 Ordinary
Shares (£2,000) and thereafter in multiples of 500 Ordinary Shares.

Halis your cheque or businer's draft out to "The Royal Bank of Squiand ple A/C MG Offer" and crossed "A/C Payes only" and stand the completed form and your remainsner to The Royal Bank of Squidand ple. Registrar's Department, PO Box 452, Owns House, 8 Bankinsod Crossway North, Edinburgh RHI I 4TQ or deliver it by hand to The Royal Bank of Squidand ple, Southias Bervices "Registrars, 47 Lomburd Screet, London EC3P 3OL, in each case to strive by 10.00 a.m. on Wednesday, 23 March 1994.



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New group to supply 11% of Marks and Spencer's clothing

# Claremont buys Magellan Inds

By Tim Burt

Claremont Garments, the clothing manufacturer, yesterday announced an agreed £43.3m takeover of Magellan Industries, the lingerie and swimwear company.

The takeover, bringing together two of Marks and Spencer's leading suppliers, follows production problems at Magellan, which yesterday reported increased pre-tax lossee of £1.26m in the 12 months to December 31, compared with £511,000.

Mr Chris Ryder, Magellan chief executive, said the acquisition by Claremont was an attractive option after a year in which it failed to recruit enough workers or ensure adequate raw material supplies to complete orders for Marks and

Spencer. He claimed the group would Under the all paper offer, supply up to 11 per cent of the

Claremont is issuing up to retailer's total clothing stock, 12.8m new shares, some 23.9 per cent of the enlarged group, which are being offered to Magellan shareholders on a 0.4816 for 1 basis.

The offer has already been accepted by Magellan directors and family trusts associated with Mr Oliver Prenn, the chairman, which together control 36.1 per cent of the com-

Schroder Investment Man-

agement, Magellan's largest institutional shareholder, has also agreed to procure accep-tances on behalf of investors holding a further 14.8 per cent. Walcoming the undertak-ings, Mr Peter Wiegand, Clare-mont chairman, said: "The

acquisition will strengthen our product range and our relation-ship with Marks and Spencer."

which in turn would account for 95 per cent of its business. Marks and Spencer welcomed the takeover and said it was

happy with the terms. Claremont, meanwhile, announced a 36 per cent increase in pre-tax profits to £11.5m (£8.5m) in the 12 months to December 25. The improvement was

spurred by full year contribu-

tions from two earlier acquisi-tions – J&J Fashions and Alex-ander Milnes – which helped operating profits increase by 32 per cent to £11.8m (£9m). Turnover increased to 2114.4m (281.5m), while earnings per share came out at 19.1p (16.4p) or 18.2p (16.2p) on a fully diluted basis.

By comparison, turnover at Magellan in 1993 was flat at £85.9m (£35.5m). Losses per share of were 4.7p (2p) or 2.7p

(0.2p) excluding exceptional

The group's results were hit not only by supply and staffing problems but also by a £496,000 exceptional charge following the collapse last August of Dunkeld, the shirt manufacturer. The charge arose out of losses on Dunkeld shares which Magellan received in part payment for Slix, its swimwear brand, sold to 1992

for £1.07m. It plans an unchanged final dividend of L4p, while Clare-mont announced a proposed final pay-out of 4.5p (3.95p), making 8.1p for the year

Clarement is also acquiring Bellrise Fashions, the Next supplier for £1.9m cash, funded from bank reserves of £6.8m.

Its shares rose 5p to 358p. Magellan's closed down 1p at

#### Partco Group, the biggest independent distributor of automotive parts and equipment in the UK, is raising

By Andrew Bolger

Partco for

with £59m

price tag

market

about 220.7m through a plac-ing and intermediaries offer at 200p per share — valuing the whole company at £59.2m. The placing and offer com-prises 14.55m ordinary shares - 11m of which are new ordinaries being issued by the COMPANY.

The remaining 3.58m shares are being sold by existing shareholders. Partco, which was a management buy-out in 1988 from

Quinton Hazell, trades from more than 200 branches in the UK and had sales of about £124m in 1993.

Pre-tax profits last year were £4.28m, from which pro-

forms earnings on an actual tax basis were 13.2p a share. This gives an historic multiple of 15.2 times at the 200p offer price. The notional net dividend

for 1993 was 5.35p, giving a gross yield of 3.3 per cent.

The group is being advised by Hambro Magan, with Cazenove acting as brokers to the issue. The closing date for the intermediaries offer is March 15 and dealings are expected to begin on March 18.

· COMMENT

Improved distribution methods, long familiar in retailing and industry, are transforming the previously fragmented business of supplying automo tive parts to garages. Last month Finelist, a smaller competitor to Partco, was floated successfully. Now investors are offered an opportunity to back the biggest group in the field, which has a national warehouse and sees scope for rapid expansion. With forecast earnings of about 11.9p per share in the current year, the shares are on a prospectiva multiple of 16.8, a discount to Finelist, and a prospective yield of 3.5 per cent - a pre-mium to the smaller company. The pricing does not look aggressive and should leave the larger group plenty to go

for which delens were.

# Higher death rate helps Plantsbrook advance 33%

By David Bisckwell

A significant rise in the fourth quarter death rate helped to boost 1993 pre-tax profits by almost 33 per cent at Plantsbrook Group, the funeral services group.

They rose from £9.05m to a record £12m. Total turnover rose from £49.8m to £52m, including a contribution of £300,000 from acquisitions. Mr Peter Hindley, chief exec-utive, said the overall rise of 4

per cent in the death rate for 1993 was to some extent owing to flu towards the end of the year. He expected the rate to fall back this year. The result was also helped

by e reduction in net interest payable from £1.96m to £586,000. This reflected lower rates; the repayment of £3.3m of fixed rate hire purchase debt; a reduction in total borrowings from £11.2m to £7m; and the benefit of a £2m private placing of 2.99m ordinary shares last June.

diluted basis rose from 7.08p to 7.77p. In addition to the June placing, 25.9m shares were issued to October and November following the conversion of the unlisted 1997 preference shares. There are now 106.5m

ordinary shares in issue. The group made five acquisttions in the year, paying £2.4m, and has opened seven new branches. So far this year it has acquired two more busises for £4.2m cash.

Further acquisitions were likely, said Mr Hindley. The group was also looking at ways of returning to the crematorium market,

Dignity, the pre-paid funeral business had performed satis-factorily, said Mr Hindley, generating £1.5m of turnover. An autumn advertising campaign had resulted in e 42 per cent increase in sales in the second

Gearing at the end of the year was 28 per cent, compared with 54 per cent in 1992.

is proposed, giving a total of 3.4p for the year (3p).

D COMMENT

While the unexpected rise in last year's mortality rate pro-vided an unexpected boost to profits, the echievements of the present management in restoring Plantsbrook to a strongly cash generative busi-ness should not be overlooked. However, profits this year are likely to remain static unless the death rate is unexpectedly high. The group's 9 per cent market share of funerals looks mature. It is way behind market leader Great Southern in the pre-paid funeral business. Tough new environmental leg-islation on crematoriums could lead to local authority privatisation or operating contracts, but it would be expensive to build new ones. At yesterday's close of 109p and a prospective p/e of 13.5p the shares look a hold - but keep an eye on the

# Reorganisation costs hit MR-Data

MR-Data Management, the data transcription and document image pro-cessing group, reported lower interim pretax profits reflecting one-off reorganisation costs, lower net interest income and devel-opment costs in its Memex software divi-

In the six months to December 31 profits fell by 34 per cent to £2.66m (£4.02m) on turnover up 5 per cent to 219.8m (£18.8m). Earnings per share declined to 3.21p (4.89p). However, the interim dividend is being raised by 20 per cent to 2.076p (1.73p) reflecting the group's strong balance sheet

Mr John Redmond, chairman, said:

"During the past months we have reorgan-ised our business resulting in significant one-off costs which have been absorbed in the first half. Additionally profits have been affected by the on-going development

"However, we are operating in high growth markets and, in particular, prospects for our software products and our laser printing and document scanning service bureau are extremely good. We therefore remain optimistic about the remain-

der of the year. Operating profits slipped to £2.83m (£3.02m) mainly reflecting the development costs at Memex. The 1992 figure was

acquisition provisions. The 1993 figure was reduced by reorganisation costs of

Mr Redmond said the redundancy and reorganisation costs in the document image processing division would result in annual savings of £710,000 and were necessary to reposition the business for growth, in the core data transcription division the COM and laser printing bureau services both increased production volumes, turnover and profit. Margins in both busi-

ses also improved. Net interest receipts fell to £212,000 (£365,000) although the group ended the year with cash balances of £9.57m, up by boosted, following accounting rule £2.69m from June 30, partly reflecting the changes, by the writing back of £651,000 of crystalisation of a £1.05m exchange gain. . £2.69m from June 30, partly reflecting the

# Holders confirm QMH £2bn limit

By Maggle Urry

Shareholders of Queens Most Houses, the hotel group in talks with its banks over refinancing its £1.8bn of debt, yesterday confirmed the group's borrowing limit of £2bn at two

special meetings.
Some shareholders used the neeting to ask questions about indemnity insurance for the company's directors.

Mr Stanley Metcalfe refused to answer these questions saying they were outside the scope of the meeting, but said it was normal for large public companies to take out insurance covering directors against liabil-

Mr John Bairstow, the group's former chairman, said later that when ha was in charge at QMH the group's indemnity cover of £10m cost £34,000 a year.

The premium is now reputed to be £700,000. This would reflect the substantial change in the group's position with

massive losses, the shares suspended, a department of trade and industry investigation proceeding and threats of

Mr Bairstow changed his vote at the meeting. In advance of the meeting he had voted his 8m shares against the reso-lution by proxy but in the poll taken at the meeting he voted in favour.

At the meetings Mr Stanley Metcalfa, chairman, said the group's results for 1993, which will incorporate a new valuation, should be completed by the end of April Ha said the restructuring

talks were progressing, and the foundations for a reconstruction were being laid. He said he was sorry it was taking so long but there were a number of complex issues

He hoped that the shares, which were suspended in March last year, would be relisted as soon as sharehold-

Clyde buys oil field stake for £12.7m

Clyde Patrolenm, exploration and production company, has agreed to bny Agip UK's 17.88 per cent inter-est in UKCS Block 16/27a (south) in the Andrew Field for £12.7m.

The consideration will be funded from Clyde's own resources and includes a reimbursement of £9m for Agip's past costs, which will qualify for tax relief.

Clyde's £30m share of development costs will be funded by a fully non-recourse financing underwritten by Chase Manhattan Bank.

#### HTR Jap Smaller

HTR Japaness Smaller Companies Trust, the Henderson Touche Remnant investment trust which came to the market last autumn, reported net assets per share of 100p on January 31 against 96.1p on the October 22 launch

Earnings per share were 0.2p. Total net assets stood at £100.2m and retained revenue ers approved the restructuring. | at £203,000:

# Wates City disappoints with £0.1m

By Simon Davies

Wates City of London Properties, tha development and investment group, disappointed the stock market yesterday despite increasing optimism on City office prices.

Even though the company announced a return to the black in the year ended December 31, with pre-tax profits of £113,000 against a loss of £74.9m (after write-downs of £71.9m on property valuations

Number

30,000,000

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Bishopsgate

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last time) the share price still fell 8%p to 87%p.

Disappointment focused on a further property provision of

£2.7m in 1993, and on Wates net asset value per share of 72.8p, an increase of only 0.4p. However, 1993 was a turn-

round year for Wates, which entered the recession with 27 per cent gearing but saw it peak at 102 per cent due to slashed property valuations, Last year, Wates aubstan-

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). It does not constitute or constant an offer or an invitation to any person to subscribe for or purchase any of the ordinary abuses of Environmed pic ("Environmed"). Application has been made to the London Stock Exchange for the existing ordinary shares of Environment to be readmined and the proposed new ordinary shares to be admitted to the Official List ("Listing"). It is expected that Listing will become effective and that dealings in the existing ordinary abuses will recommence and for the new ordinary shares will commence on 5th April 1994.

Enviromed plc

(Incorporated in England and Wales with registered No. 2815159)

Placing and Open Offer of

9,007,250 ordinary shares of 5p each at 125p per share

Singer & Friedlander Limited

Share capital following the Placing and Open Offer

£1,500,000 ordinary shares of 5p each 23,020,666

Environmed's principal activities involve the development and manufacture of various products and the provision of

Listing Particulars dared 8th March, 1994 are available during normal business hours on any weekdays (Saturdays and public holidays excepted) up to and including 11th March , 1994, from the Company Announcement Office, the London Stock Exchange, London Stock Exchange Tower, Capel Court Engrance of Bartholomew Lane, London EC2

9th March, 1994

various services within the biotechnology, environmental and healthcare sectors.

for collection only, and up to and including 28th March, 1994 from the offices of:

sheet, through a rights issue and property disposals. Total borrowings fell by 38 per cent to £56.2m, and ring fell from 102 per cent

to 50 per cent. Wates is proceeding with the site formation for a 57,400 sq ft office and retail development in Queen's Street, although it is possible that the site could

It will also demolish Winchester House during 1994, to make way for a 300,000 sq fr tially strengthened its balance

Issued and fully paid

Enviromed plc

**Buckingham Gate** 

London SW1H OPT

1 Butler Close

Number

office development. The project is 60 per cent owned by Friends Provident. Wates is unable to renew a

dividend payment, because of a substantial deficit on the company's profit and loss account. There were reduced losses per share of 0.71p (59.26p).

Mr James Dundas Hamilton has announced his retirement as non-executive chairman. He will be replaced by Mr Paul Wates, the current chief execu-

made to the economy by

in the United Kingdom, it

will examine how their fature prospects will be

home and from abroad, and

Storial contout and details

veliable in this survey

FT Surveys

# FIRST BRITANNIA MEZZANINE NV

European Mezzanine Company advised by:

MEZZANINE MANAGEMENT LIMITED

and



have signed a:

Joint Marketing Agreement

to identify and finance development capital and debt refinancing transactions in Spain

March 1994

This announcement appears as a matter of record only

1.345

1.335

1993 income before non-recurring items, Group share, was FF 1,665 million, a 24.3% increase over 1992. Net income, Group share, totalled FF 3,010 million, including FF 1,345 million in non-recurring items, comprising capital gains realized on the sale of Carrefour's interests in Castorama-Dubois-Investissements and But, and an estimated charge related to the closing of two hypermarkets in the Philadelphia area.

3,010

Carrefour (

CARREFOUR GROUP

1993 RESULTS BEFORE NON-RECURRING HEMS.

CARREFOUR PARENT COMPANY Net income of the parent company amounted to FF 820 million in

At the Ordinary General Shareholder Meeting of April 21, 1994, the Executive Board will propose the payment of a FF 42 dividend per share (plus a tax credit of FF 21) payable on April

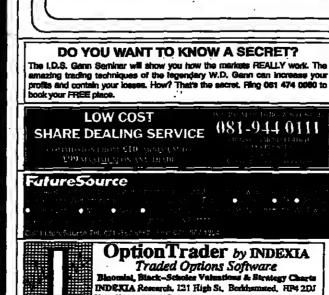
An Extraordinary General Shareholder Meeting will also be held to approve the move to new Paris headquarters and to renew financial authorizations. It will also be proposed to proceed with a one-for-one free share issue, starting May 5, 1994. The oew shares will be eligible for dividend as of January 1, 1994.

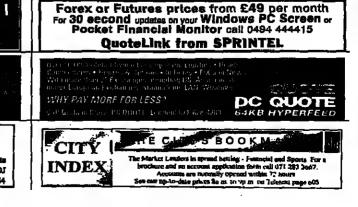
#### FT-ISMA INTERNATIONAL **BOND SERVICE**

THE FT-ISMA International Bond Service, published on Monday to Friday in the Financial Times, shows daily prices, provided by the International Securities Market Association, for a selection of the most actively traded Eurobonds and related securities, picked from the sectors which best represent current market conditions.

The service sets out to include certain "benchmark" issues within the space available, while still trying to maintain a broad spread of borrowers and currency groups.

Selections are reviewed regularly by the Financial Times and the International Securities Market





134 Tla LETT

10.8 per cent.

Mr David Abell, chairman,

said: "I expect to see a continu-

ation of the overall gradual hut

uneven improvement we have experienced in 1993.\*

had heen made regarding James Wilkes, tha Sheffield

enginear in which Suter recently raised its stake to 29.5

per cent. However, the chair-

man could not resist saying

that the two groups offered "a fit as near perfect as you would

Suter announced a further

bonus issue of warrants of one for every 10 ordinary shares

held. Mr Abell said terms

would be structured so as not to conflict with last year's war-

dend of 5.8p gives a total of

9.2p (8.8p), a rise of 4.5 per

rant issue.

He added that no decision

boosts Suter to £38.2m

David Abell: sees gradual

activities. Continuing businesses grew by 4 per cent to £180m, while trading profits,

excluding the industrial valves

division, rose by 20 per cent from £16.3m to £19.5m.

In spite of competitive pres-

sures on margins, the return

on sales, excluding discontin-

By Andrew Bolges

A sbarp fall in interest

payments helped Suter, the industrial conglomerate, to

increase 1993 profitability in

spite of continuing tough trad-ing conditions in its main mar-

Pre-tax profits increased from £15.2m, adjusted for FRS 3, to £38.2m, which

included a £19.1m gain on the

disposal of the group's indus-trial valves division for £36m

last April In 1992 there was a

£1.1m exceptional charge relat-ing to a provision against the value of an associate undertak-

Stripping out exceptional

The disposal cut gearing

items left pre-tax profits up by 17 per cent to £19.1m.

from 70 per cent to 11 per cen and interest payments fell from £4.1m to £1.4m. In Janu-

ary, the group completed a sale

and leaseback of an industrial

estate in Staffordshire and

Group sales fell to £186.9m

(£196m) including £6.9m

(£23.5m) from discontinued

Thorntons, the chocolate maker and retailer that has

reorganised its lossmaking

French husinesses, reported

pre-tax profits of £9.58m for

the 28 weeks ended January 8.

"This is well above anything else we have reported before",

said Mr John Thornton, chair-

man and chief executive, yes-

The 36 per cent rise from a previous £7.02m reflected the

into the red at the year-end.

At the operating level the loss from French operations

was cut to £93.000 for the half,

compared with £846,000 last

time. "We are very confident about the future", said Mr

continuing operations rose by almost 10 per cent from

£51.4m to £56.4m, not includ-

ing £2.27m (£2.95m) from dis-

In the UK sales were boosted

hy a strong Christmas period,

which accounts for 30 per cent

of annual turnover. Like-for-

like sales in Thorntons own

shops were 4.1 per cent ahead.

Total UK sales, which

continued operations.

Thornton.

£54.2m.

eliminating borrowings,

**Thorntons** 

surges 36%

to £9.6m

By David Blackwell

This announcement appears as a matter of record only

£120,000

Zero Coupon Perpetual Bonds

representing donations to

THE DEPAUL TRUST The Depaul Trust

RELATE

Relate

The Samaritans

**ALLEN & OVERY** BANK OF TOKYO CAPITAL MARKETS LIMITED

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SWISS BANK CORPORATION

SULLIVAN & CROMWELL THE WALL STREET JOURNAL EUROPE

SUMITOMO FINANCE INTERNATIONAL PLC

S.G.WARBURG SECURITIES

WILDE SAPTE

March 1994

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This advertisement is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "Limiton Stock Exchange"). It does not constitute an offer or modation to the public to subscribe for or purchase any shires. Application has been mode to the London Stock Exchange for all the United Pistures of 25p each of Fuergy cir Colonial France Lapity Texts PLC Essential and to be assemble to the Colonial Col

#### FOREIGN & COLONIAL PRIVATE EQUITY TRUST PLC (Incorporated at Fugland and Woles, under the Companies Act 1984 Reported No. 1894 (44)

Placing of 25,000,000 Ordinary Shares of 25p each

100p per share payable in two instalments of 50p each with the first instalment payable on subscription and the second instalment payable on 30th November, 1995 sponsored by

S.G. Warburg Securities Ltd.

Foreign & Colonial Private Equity Trust PLC will invest primarily in established small and medium-sized unquoted companies in the United Kingdom. Copies of the Listing Particulars relating to Foreign & Colonial Private Equity Trust PLC and the Placing of the Ordinary Shares will be available during normal business hours on any day (Saturdays and public holidays excepted) from the date of this notice up to and including 23rd March, 1994 from:

Foreign & Colonial Private Equity Trust PLC. Exchange House, London, EC2A 2NY

Foreign & Colonial Ventures Limited, Exchange House. Primrose Street. Landan, EC2A 2NY

I Finsbury Avenue, London, F.C.2.M 2PA

Copies of the Listing Particulars are also available during normal business hours for collection only from the Company Announcements Office, the London Stock Exchange, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London EC2 up to and including 11th March, 1994.

#### 

#### **DEMOCRATIC AND POPULAR** REPUBLIC OF ALGERIA

Notice of national and international invitation for the preof building companies to construct 2,000 urban public lodgings in

The Ministry of Housing issues a notice of the invitation for tenders in order to preselect national and foreign companies which will be responsible for the implementation of a programme to build 2,000 public lodgings financed by the Sandi Development Fund.

- This programme will be divided as follows: - 687 lodgings in Verte Rive, Bordj El Kiffan
- 324 lodgings in Bab Ezzonar
- 300 lodgings in Bab Excouse - 309 lodgings in Dar El Beida
- 380 lodgings in Said Hamdine (Birkhadem)

The implementation of this programme will require the ability to meet building deadlines and provide a high quality construction. Suitable companies will be allowed to tender for one or more

National and foreign companies will be able to smalgamate to form a jointly liable group within the framework of a partnership.

This form of procedure is favoured in order to strengthen the realization canacities of national companies. Interested companies can obtain a brochure specifying the terms and conditions from the Ministry of Housing at "Direction des Programmes d'Habitat et de la Prometion Immobilière". 135 rue Didouche Mourad, Algiers, from 9 a.m. till 11 a.m. and 1 p.m. till 4 p.m.

The deadline for tenders is set at 30 days after the publication of this notice inviting for tender preselec NB: The present notice of invitation for tender preselection replaces the previous notice which was published in the Algerian national press.

Supervision of Housing Programmes and Property Develop

#### PERSONAL

#### **PUBLIC SPEAKING**

Training and speechwriting by award winning speaker.

First lesson free. Tel: (0727) 861133

#### **APPOINTMENTS** ADVERTISING

Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For information on advertising in this section please

> Philip Wrigiey on 071 873 3351

Gareth Jones on-071 873 3779

Andrew Skarzynski on 071 873 4054



High prices for landwoods ensure that loggers have no qualum about destroyer other trees that stand in their way.

So a WWF project in Costa Rica is searching ways of felling a tree without bringing down several others around in And how to remove it without helicoting

a path through the surrounding trees. can be used forever. Help WWF prove this in minforms around the world, by wating to the Membership Officer at the



World Wide Fund For Nature

#### THE BUSINESS SECTION

inis Mallas cas 071-873 3308 car Karl Loyaton on 071-873 4780 write to them of The Planneisi Time

One Southwest Beidee, London SKI SKI, PENANCIAL TURNS

# Trust launched to seek undervalued assets

By Sethan Hutton

Scottish Value Management is launching an investment trust which aims to seek out undervalued UK commercial and industrial companies.

The Undervalued Assets Trust is expected to raise £40m-250m through a placing and offer for subscription.

Companies will be selected through value management techniques, analysing accounting data to find shares which stand at a significant discount to their real worth.

hencfits from last year's French reorganisation, which The UK market is not an belped push the group £4.8m efficient one, Exaggerated mar-Mr Thornton said the rationalisation was almost complete. The French business would be concentrated on 20 shops in Parls, with 20 outlets being

Sunleigh

ket sentiment can colour perceptions of a company, clouding judgment on shares where there is value to be found," said Mr Colin McClean, managing director of Scottish Value Management, who set up the

company in 1990 after managing funds for Scottish Provident. FS Assurance and Tem-The company already man-

ages two listed investment trusts, both of which invest in other investment trusts. It also has an insurance fund, SVP Superior Growth, with an investment remit similar to the new trust, Launched in October 1991, it was among the top ten performing funds (out of more than 600) last year. Undervalued Assets Trust is

issuing only ordinary shares, breaking the current investment trust trend for all trusts, except those with a split capital structure, to attach warrants to their ordinary shares. The placing is due to close

on March 31, and the public offer will run from April 6 to

### Valves division disposal Brent Intl pay-out cut after fall to £7.14m ued businesses, rose from 9.4 to

By David Wighton

Brent International, the troubled speciality chemicals group whose chief executive resigned in August, is cutting its dividend after pre-tax prof-its slumped from £11.5m to

£7.14m in 1993. Profits for the year to December 31 were struck after 2289,000 of compensation to former chief executive Mr Steva Cuthbert, who had a two

and a half year contract at a salary of £135,000. Mr Keith Hutchings, the for-mer finance director who has been acting chief executive since his departure, said the scale of compensation reflected the fact that Mr

Cuthbert was over 50.
Exceptionals of £3.91m
included £580,000 of costs relating to acquisitions which were aborted early in the year when the scale of the group's

Earnings per share grew to 22.7p (8.7p) or 21p (8.6p) fully diluted. Stripping out the exceptional, earnings rose by 18 per cent to 11.5p (9.7p) or 11.3p (9.6p) fully diluted.

A recommended final dividend of 5 per gives a total of problems became clear. Earnings per share droppe from 10p to just 3.2p. There was a reduced final of 2.4p (5.8p) leaving a total of 4p

(7.4p). The profit figure includes gains of £6.76m on the disposal of businesses.

Sales from continuing operations rose 5 per cent to £114m. Excluding exceptionals, operating profits in the continuing businesses fell

from £9.3m to £6m. The company said there had been some improvement in the UK and US but not in continental Europe which accounts

for 43 per cent of sales. However, Lord Lane of Hor sell, chairman, said, "the lower cost base from which we now operate should enable us to make further progress in

Mr Hutchings was yesterday confirmed as chief executive, with Mr Bill Jessup, former finance director of Beanford, the struggling engineering group, replacing him as finance director. Lord Lane will retire next year and be succeeded as chairman by Mr Alec Daly, who joined the board a year ago. The shares fell 15%p to 105p.

# **NEWS DIGEST**

breaks even second half

Sunleigh, the USM-quoted leisure products concern, broke even in the second half of 1993

leaving annual pre-tax profits at £208,000, against losses of £557.000. The result was after taking a charge of £397,000 for the loss on sale of discontinued activi-

include turnover from franties, offset by a £250,000 release chise outlets, chilled cabinets of provisions. The previous and "own label" sales to multiyear there was a net release of provisions of £71,000. ples, rose by 10.5 per cent to Turnover for the year was The group opened 46 new £15.7m (£12.9m) of which ontlets in the period, compris-£263,000 (£1.21m) related to dis-

Instem

nets sited in other shops. Mr Thornton said the group had made general gains in the afficiency of its distribution system, cutting waste. Overall capital expenditure was £5m,

ing 10 Thorutous shops, one

franchise and 35 chilled cabi-

down from £8.5m. Earnings per share rose from 7.38p to 9.82p. The interim dividend has been

SAMANTHA

**INVESTMENTS PLC** 

£15 million Subordinated

Floating Rate Notes

Due 2001

In accordance with tha

provisions of the Notes.

notice is hereby given

that for the interest period

from 7th March, 1994 to

6th September, 1994 the

Notes will carry interest at

the rate of 6.9375 per cent

Interest payable on 6th

September, 1994 will

amount to £3,478,25 on

West Merchant Bank Limited

Agent Bank

each £100,000 Note.

raised to 1.45p (1.25p).

completion of several large contracts during the year helped Instem, the USM-quoted information systems group, lift pre-tax profits for the year to December 31 to £1.02m.

Authorised

St Swithin's Lane

Amount

£15.635.023

continued activities. Earnings

per share were 0.05p (losses 0.86p).

Improved performance and the

#### This compares with £575,000

last time, when the figure was hit by an exceptional £386,000 for bad debts. £14.3m to £19.3m and earnings

per share came out ahead at 14.5p (8.5p). A same again final of 1.8p is recommended, to give a total

maintained at 3.1p.

Pacer Systems

Pacer Systems, the US-based electronics group traded on the USM, increased turnover from \$27.6m to \$30.2m (£20.6m) for 1993 but suffered a fall in pretax profits from \$531,000 to \$357,000 (£244,520).

Earnings per share were 4 cents compared with 6 cents while the dividend is unchanged at 6.5 cents with a same-again final of 3.5 cents.

USDC

USDC investment Trust, managed by GT Management, lifted net asset value by 30 per cent to 281.5p over the 1993 year, outperforming the gain of 22.6 per cent achieved by the FT-A World Index.

The dividend is maintained

at 4.5p with a final of 3.25p, paid from net revenue lower at £1.72m (£2.05m). Earnings per share were 4.69p (5.59p).

#### Sumit

Fully-diluted net asset vaine per ordinary share of Sumit, the development and venture capital investment trust, stood at 154p at the December 31 year end. That compared with 103p at the half year stage and

950 12 months earlier. The announcement yesterday of a proposed placing hy Partico at 200p per share will increase Sumit's fully-diluted figure to 186p. At the placing price the trust's interest in Partico, including its holding of redeemable preference shares, will be valued at £6.5m - a gain of £3m over its December 1993 valuation.

Sumit has indicated its intention to sell a third of its holding in Partico's ordinary equity at the placing price which will realise £1.7m. Available revenue for 1993 improved from £161,000 to £303,000, for earnings of 4.2p (2.2p). A final dividend of 2.3p. compared with a 1.3p forecast, makes a 3p (1.4p) total.

This notice is issued in compliance with the requirements of The international Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). Application has been made to the London Stock Exchange for the whole of the ordinary share capital of United Industries plc issued and proposed to be issued to be admitted to the Official List. It is expected that admission to the Official List will become effective and that dealings will comm

#### UNITED INDUSTRIES plc (Incorporated and registered in England and Wales No. 269003)

The principal activities of United Industries plc, following the implementation of the proposals, will be the manufacture of non-metallic bearing materials, specialist polyethylene and polyurethane components, materials handling systems, precision springs and process machinery.

Proposed acquisition of Holden Hydroman. Perplas and Railko Placing and Open Offer

186,497,695 Ordinary Shares of 5p esch at 15p per share

N M Rothschild and Sons Limited

Share capital following the Placing and Open Offer

issued and now being issued fully paid Amount Number

£11,189,861

£1,864,977

Ordinary Shares of 5p each 312,700,461 Deferred Shares of 5p each 37,299,539 Copies of the listing particulars relating to United Industries pic may be obtained during normal business thours up to and including 22nd March 1994 from: United Industries plc N M Rothschild & Sons Limited

**9mith New Court Corporate** Finance Limited

223,797,234

London ECIM 3NH and during normal business hours on 9th and 10th March 1994, for collection only, from the Company London EC2.

Borkby Road Leicester LE4 7LL

9th March 1994

Smith New Court House 20 Farringdon Road

#### TO THE UNITHOLDERS OF THE DRAGON FUND DIVIDEND ANNOUNCEMENT The Board of Directors of the Dragon Fund Management Company, acting for and on behalf of the Dragon Fund has decided on February 3, 1994 to distribute a dividend amo USD 30 - ner unit. The ex-dividend de will be on March 9, 1994, the payer date will be on March 16, 1994,

#### Heron International Finance B.V. (the "Issuer")

Notice of separate Meetings of

the holders of the outstanding £205,639,869 7/2 per cent. Senior Bonds due 1995-1997 of the Issuer (the "Senior Bondholders" and the "Senior Bonds" respectively);

> the holders of the outstanding £50,239,743 10 per cent. Junior Bonds due 2000 of the Issuer

NOTICE IS HEREBY GIVEN

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that a meeting of the Senior Bondholders convened by the Issuer will be held at The Conference Forum, The Sedgwick Centre, 10 Whitechapel High Street, London El 8DX on Thursday 31st March, 1994 at 10.00 a.m. (London time) for the purpose of considering and, if thought fit, passing the Extraordinary Resolution of Senior Bondholders set out below which will be proposed by the Issuer as an Extraordinary Resolution; and that a meeting of the Junior Bondholders convened by the Issuer will be held at the above value on the same date commencing at 10.01 a.m. (London time) (or so soon thereafter as the meeting of Senior Bondholders referred to above shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the Extraordinary Resolution of Junior Bondholders set out below, which will be proposed by the Issuer as an Extraordinary Resolution.

(the "Junior Bondholders" and the "Junior Bonds" respectively)

Extraordinary Resolution of Senior Bondholders

"THAT, subject to the obligation to pay interest due on 31st March, 1994 on the Senior Debt, as defined in a Trust Deed dated 24th September, 1993 made between the Issuer (1), Heron International N.V. and various other Heron Head Office Division Companies (2) and The Law Debenture Trust Corporation p.L.c. (the "Trustee for holders of the Senior Boads and the Junior Boads (3) (the "Trust Deed"), owing to the Signatory Banks (as defined in the Trust Deed) being deferred by the Signatory Banks until 30th June, 1994 (the "Deferral") on the terms described in the copy of the Explanatory Statement (the "Explanatory Statement") produced to this meeting and for the purpose of identification signed by the Chairman thereof by amendment to such documentation and by such other means as the Trustee shall agree, this meeting of the holders of the outstanding £205,639,869 7½ per cent. Senior Boads due 1995-1997 of the

excentituted by the Trust Deed hereby:—

assents to the modification of the terms and conditions of the Senior Bonds as printed on the reverse thereof and in the Fifth Schedule to the Trust Deed by the deletion of the first sentence of Condition 5(1) thereof and the substitution therefor of the following:—

"The Senior Bonds bear interest on their outstanding principal amount from day to day from and including 30th July, 1993 at the rate of 7% per cent. per annum, psyable on 30th June, 1994 (the "First Interest Payment Date") in respect of the period from and including 30th July, 1993 to but excluding 31st March, 1994 (the "First Interest Payment Date") in respect of the period from and including 30th July, 1993 to but excluding 31st March, 1994 (the "First Interest Payment Date"). In addition to the interest payable in respect of the Senior Bonds on the First Interest Payment Date, an "Interest Payment Date". In addition to the interest payable in respect of the Senior Bonds shall bear interest ("Additional Interest") from day to day from and including 31st March, 1994 to but excluding the First Interest Payment Date at a rate of 7% per cent. per annum on the amount of interest which would otherwise have been payable on 31st March, 1994 but for the modifications made to these Conditions and the Trust Deed pursuant in an Extraordinary Resolution of the Senior Bondsolders passed at a meeting of the Senior Bondsolders held on 31st March, 1994 and such Additional Interest shall be payable by the Issuer on the First Interest Payment Date."

and assents to all such modifications of the terms and conditions of the Senior Bondsolders held in the Explanatory Statement; assents to:

assents to consequential to such modifications to Condition 5(1) as are set out or described in the Explanatory Statement; assents to:

assents to:

(i) the extension of the term of the Post-Implementation Date New Money Facilities (as defined in the Trust Deed) (in the amount of a maximum of £14.5 million) to 30th June, 1994 on terms agreed with the New Money Lenders (as defined in the Trust Deed) and set out or described in the copy of the Explanatory Statement produced in this Meeting and signed for the purposes of identification by the Chairman thereof and on the basis that interest in respect of indebtedness under such facilities will accrue and be charged during the period of such extension on the same basis as currently applies;

(ii) the deferral to 30th June, 1994 of the payment of fees under the Deferred Standfast Fees Arrangements (as defined in the Trust Deed) on the basis that interests will be charged in respect of amounts ourstanding under the Deferred Standfast Fees Arrangements during the period from and including 31st March, 1994 to but excluding 30th June, 1994 at a rate agreed with the periods to whom such fees are due as set out or described in the copy of the Explanatory Statement produced to this Meeting and signed for the purposes of identification by the Chairman thereof and to be payable on 30th June, 1994 together with such fees;

(iii) the continuation of the security and priority rankings currently afforded to, respectively, the Post-Implementation Date New Money Facilities and the Deferred Standfast Fees Arrangements pursuant to the Head Office Medium Term Arrangements (as defined in the Trust Deed) during the extensions of the terms of sitch facilities and arrangements as contemplated in sub-paragraphs (i) and (ii) above, the priority and ranking afforded to the Post-Implementation Date New Money Facilities for the avoidance of doubt to extend to all further advances made thereunder and the respective priorities and smikings for the avoidance of doubt to extend to all further advances made thereunder and the respective priorities and smikings for the avoidance of doubt to extend to all further advances made thereu

assents to the Deferral and to the payment of additional interest at a rate of 7% per cent, per annum on the amount of interest which would otherwise have been payable on 31st March, 1994 to the Signatory Banks in respect of the Senior Debt owing to such Signatory Banks but for the Deferral on the basis set out or described in the copy of the Explanatory Statement produced to this Meeting and signed for the purposes of identification by the Chairman thereof and assents to all such modifications of the provisions of the Relevant Documents and the Head Office Medium Term Restructuring Agreement as are necessary to give effect to the Deferral and such payment of additional interest;

sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Bondholders and the holders of the Coupons appertaining to the Bonds in bearer form or the rights of any other person against the Head Office Signatory Companies (as defined in the Trust Deed), whether such rights shall arise under the provisions of the Relevant Documents or the Head Office Medium Term Restructuring Agreement or otherwise, involved to or resulting from the modifications referred to in paragraphs (I). (2) and (3) of this Resolution; and

authorises and requests the Trustee to concur in the modifications referred to in paragraphs (I), (2) and (3) of this Resolution; and authorises and requests the Trustee to concur in the modifications referred to in paragraphs (I) to (4) inclusive of this Resolution and, in order to give effect thereto, forthwith to execute a Supplemental Trust Deed in the form of the draft produced to this meeting and for the purposes of identification signed by the Chairman thereof with such amendments (if any) thereto as the Trustee shall require, to concur in and execute and do all such other deeds, instruments, acts and things as may be necessary to give effect in such modifications and to give all such waivers, consents and approvals under the Relevant Documents or the Head Office Medium Term Restructuring Agreement as may be necessary or appropriate in connection with the assents, sanctions and modifications referred to in this Resolution."

Extraordinary Resolution of Junior Bondholders

"THAT, this meeting of the holders of the ourstanding £50,239,743 10 per cent, Junior Bonds due 2000 of the Issuer constituted by a Trust Deed dated THAT, this meeting of the holders of the outstanding £50,239,743 io per cent, Junior Bonds due 2000 of the Issuer constituted by a Trust Deed dated 24th September, 1993 (the "Trust Deed") made between the Issuer (I), Heron International N.V. and various other Heron Head Office Division Companies (2) and The Law Debenture Trust Corporation p.Lc. (the "Trustee") as trustee for the bolders of the Junior Bonds (3) hereby sanctions, pursuant to provise (1) paragraph 18 of the Eighth Schedule to the Trust Deed, the Extraordinary Resolution of the Senior Bondholders set out to the notice of meeting of Senior Bondholders dated 9th March, 1994, sanctions each modification, extension, deferral, payment, continuation, abrogation, compromise and arrangement referred to ju that Extraordinary Resolution and horeby authorises and requests the Trustee to except and to do all such documents, acts and things as are authorised and requested by the Senior Bondholders in paragraph (5) of that Extraordinary Resolutions and details of any modifications of the provisions of the Background to, and the reasons for, the proposed modifications and the Extraordinary Resolutions and details of any modifications of the provisions of the Relevant Documents or the Head Office Medium Term Restructuring Agreement will be contained in the Explanatory Statement, which is being prepared by the Issuer. Copies of the Explanatory Statement will be despatched to Senior Bondholders at their request by any of the Paying Agents as follows. Copies of the Explanatory Statement requested on or prior to life March, 1994 will be despatched on that date. Copies of the Explanatory Statement requested after 16th March, 1994 but before the date of the Meetings will be despatched forthwith.

The attention of Senior Bondholders and Junior Bondholders is in particular drawn to the quorum required for the Meeting and for an adjourned Meeting

The attention of Senior Bondholders and Junior Bondholders is in particular drawn to the quorum required for the Meeting and for an adjourned Meeting (as defined below) which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Trust Deed (including the Terms and Conditions of the Senior Bonds) and the Junior Bonds) and the draft Supplemental Trust Deed referred to in the Extraordinary Resolution of the Senior Bondholders set out above and of certain other relevant documents will be available for inspection by the

In accordance with normal practice, the Trustee expresses no opinion on the merits of the proposed modifications but has authorised it to be stated that on the basis of the information set out herein and on the basis that the Explanatory Statement of the Issuer will be available as aforementioned and will contain such information as will enable the Senior Bondholders and the Jumor Bondholders to make at informed decision as to the action to be taken by them in relation to

These notes are applicable to the meeting of the Senior Bondholders and to the meeting of the Junior Bondholders convened above. References to "the Meeting" shall mean to the case of Senior Bonds or Senior Bondholders the meeting of Senior Bondholders and in the case of Junior Bondholders the meeting of Junior Bondholders the meeting of Junior Bondholders. All references in this voting and quorum section shall include reference to the Meeting or, if applicable, any

Bearer Senior Bonds or Junior Bonds

A holder of one or more Senior Bonds or Junior Bonds in bearer form ("Bearer Bonds") withing to attend and vote at the Meeting in person must produce at the Meeting either the Bearer Bond(s), or a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Bearer Bond(s), in respect of which be wishes to vote.

A holder of one or more Bearer Bonds not wishing to attend and vote at the Meeting in person may either deliver his Bearer Bond(s) or certificate(s) to the person whom be wishes to attend on his behalf or give a voting instruction (through Euroclear or Cedel S.A. or on a voting instruction form obtainable from the specified offices of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the

Bearer Bonds may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control (which shall include being blocked in a securities account at Euroclear or Cedel S.A.) until the time being 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such Meeting) but not thereafter for the purpose of obtaining voting certificates or giving voting instructions in respect of the relevant Meeting. Any Bearer Bond(s) so deposited or beld will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting) or upon surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned

Meeting) or upon surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, the voting instruction receipt(s) issued in respect thereof.

Registered Senior Bonds or Junior Bonds

A holder of one or more Senior Bonds or Junior Bonds in registered form ("Registered Bonds") wishing to attend and vote at the Meeting in person may do so whether or not be produces to the Chairman of the Meeting the Registered Bonds") wishing to attend and vote at the Meeting in person may by a form of proxy (obtainable from the specified offices of the Paying Agents set out below) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person as a proxy to act on his or its behalf in connection with the Meeting (or, if applicable, any adjourned such Meeting). To be valid a form of proxy (together with the power of attorney (if any) or other authority under which it was executed or a notarially certified copy of such power or authority) must be delivered to the specified office of any of the Paying Agents not less than 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such Meeting).

Any holder of Registered Bonds which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (hereinafter called a "representative") in connection with the Meeting (or, if applicable, any adjourned such Meeting).

The quorum required at the meeting of Senior Bondholders and at the meeting of Junior Bondholders is in each case two or more persons present holding Senior Bonds or Junior Bonds as the case may be for the time being outstanding, if a quorum is not present at the Meeting the inquorate Meeting will be considered at an adjourned Meeting (notice of which will be given to the holders of the relevant Bonds).

or representatives whatever the principal amount of the bonds so beld or represented by them.

Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting or by the Issuer or the Trustee or by any Bondholder present holding Bonds or voting certificates or being a proxy or representative whatever the principal amount of the Bonds so held or represented by him. On a show of hands every Bondholder who is present in person and produces a Bearer Bond or voting certificate or is a holder of Registered Bonds or a proxy or representative shall have one vote. On a poll every person who is so present shall have one vote in respect of each £1 in nominal amount of the relevant Bonds so produced or represented by the voting certificate so produced or in respect of which he is the registered holder or a proxy or representative.

To be passed, an Extraordinary Resolution of either the Senior Bondholders or the Junior Bondholders requires a majority in favour consisting of not less than three-fourths of the votes cast. If passed, an Extraordinary Resolution of either the Senior Bondholders or the Junior Bondholders will be binding upon all the Senior Bondholders or Junior Bondholders as the case may be, whether or not present at such Meeting and whether or not voting, and upon all holders of Coupons appertaining to the Bearer Bonds.

By order of the Board of Directors of Heron International Finance B.V.

Registered Office: Bezuldenhoutsewe Bezuldenhourseweg 33 2594 AC The Hague Dated: 9th March, 1994

Principal Paying Agent The Chase Manhattan Bank, N.A. Woolgate House London EC2P 2HD Other Paying Agents

Chase Manhattan Bank Luxembourg S.A. 5 Rue Plaetis L-2338 Luxembourg Grand

Banque Bruxelles Lambert S.A. B-1050 Bruxelles

Chase Manhaman Bank (Switzerland) 63, rue du Rhône 1203 Geneva

Deutsche Bank AG

THIS NOTICE IS IMPORTANT. IF SENIOR BONDHOLDERS OR JUNIOR BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE IN RESPECT OF ANY ASPECT OF THESE PROPOSALS THEY SHOULD CONSULT THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

#### **COMPANY NEWS: UK**

# **Diversification helps** Polypipe advance 16%

By Paul Taylor

Polypipe, the Doncaster-based manufacturer of industrial and commercial plastic pipes and fittings and other domestic plastic products, yesterday reported a 16 per cent increase in interim pre-tax profits from £6.4m to £7.45m.

The profit improvement came on turnover which grew by 23.6 per cent to £60.8m (£49.2m) in the six months to December 31 including a full 6-month contribution from Allerton Glass which was acquired last May and merged with GCA Windows.

Earnings per share advanced by 15 per cent to 3.2p (2.78p) and the interim dividend is

being raised by 7.6 per cent to Polypipe's shares closed 2p higher at 175p. Mr Kevin McDonald, chair-

man, said the results reflected "the continuing strength of both the group and its operations and the continua-tion of our strategy of expanding wherever possible each of our businesses, investing in plant and tooling and exten-

McDonnall Information

Systems is coming to the mar-ket through a placing and pub-lic offering at 260p a share,

valuing the Hemel Hempstead-

based computing services com-

issued of which 42.5m are new

shares with the balance being

sold by existing shareholders.

Some 35 per cent of the offer, which closes on March 17,

are available to the public.

Dealings commence on March

The flotation will raise

£110m of new equity and £80m for existing shareholders. The

net proceeds, £107.4m, will be

used to repay debt and redeem

Some 73.1 shares are being

pany at £260m.



Kovin McDonald: results reflected product development

sive product development. The latest figures also high-light the success of the group's diversification since 1990 into non-core products by broaden-ing its operating base while remaining in the fields of plastics extrusion and moulding. Sales of the group's other

**McDonnell Information** 

joins market worth £260m

the company from McDonnell Douglas of the US for £121m

last year. Mr Jeremy Causley,

chief executive said he would

not be selling his shares. After

the flotation management will

hold 7.6 per cent of the

There has been significant interest in the MDIS flotation,

one of the largest this year and the single biggest in the infor-

mation technology field. Some

12,000 requests from individu-

als for details and copies

of the pathfinder prospectus

had been received, the com-

The placing and offer has

been fully underwritten by Baring Brothers, which is

sponsor to the issue.

• COMMENT

pany said:

domestic plastic products, which now include bathroom fixtures, windows and garden furniture, advanced by 35 per cent to £28.2m (£20.9m) while operating profits from these activities grew by more than 50 per cent, from £1.26m to £1.91m.

Overall operating profits increased by 14 per cent to £7.48m (£8.54m) despite rela-tively large increases in the purchase price of PVC which affect Polypipe's sales of above and below ground drainage

PVC prices have increased by 17 per cent since January last year. Since then Polypipe has increased its product prices twice. Mr Bryan Stock, financa director, said the higher PVC prices trimmed pipe margins in the first half by between 1.7 and 1.8 percentage points but added that margins should be mostly restored

in the second half. Net interest costs fell to £29,000 (£132,000) and the group again ended the period with net cash and nil gearing. Capital expenditure in the first half totalled £7.69m (£4.96m.)

with revenues of almost £150m and a record of management

competence. Operating profits

as a percentage of turnover

have risen from 10 to 15 per cent in the past three years despite the recession. The com-

pany specialises in areas such

as central and local govern-

ment, the emergency services and the health sector which

will show sound, if not out-

standing, growth. As a public

company, it could reasonably

hope for more success in bid-

ding for larger contracts. The

offer price suggests a p/e of

18.2 which is fractionally

higher than the sectoral aver-

age. Notional gross dividend yield at the offer price is 3 per

cent. The shares seem fairly

priced and should prove a core

### **Expamet** just in the black with £17,000

By Simon Davies

Expamet International, the building, industrial and security components group, yester-day announced pre-tax profits of £17,000 for 1993, compared with a 1992 loss of £20.6m.

restated for FRS 3.

The company has completed an aggressive restructuring programme, and the 1993 fig-ures included a £2.1m write-off for redundancy costs, and £1.5m losses from the sale or closure of business

Expamet said the redundancy programme would achieve overall cost savings of

£3m in 1994. Despite the impact of provisions on shareholders' funds, gearing fell from 125 per cent to 89 per cent, with borrow-ings cut from £17.6m to

The share price reacted favourably to the announce-

ment, rising 8p to 77p. Turnover fell to £126.9m, compared with £139m, but there was a marginal increase in sales from continuing busipesses in all three of its main

The building and industrial businesses suffered from the performance of subsidiaries in continental Europe, because of the effects of deepening recos-sion last year. Both sectors showed marginal declines in

operating profit, The security sector, however, achieved a 47 per cent increase in profit to £2.5m, helped by increasing export sales and a stronger domestic market.

Mr John Roberts, chairman, said the first two months of 1994 had been encouraging. He added that the cost base of the group has been cut so that all be profitable, "irrespective of market conditions". he

final dividend of 1.25p, making a total of 2.5p, down from 3.25p.

The company said it planned to return to consistently higher levels of dividends. 

# Linread 23% up despite exceptional

By Paul Cheeseright, Midlands Correspondent

Linread, the Midlands-based fasteners and precision components group, brought forward the announcement of its annual results to announce a 23 per cent rise in pre-tax profits and an increased dividend. This follows a warning last December that exceptional charges in the second half would be double those of the first, indicating a total for the

for restructuring.

ward restructuring plans for this year the exceptional charge was higher at £1.1m (£743,000). But this still left pre-tax norfits for the 10 months for the 11 months for the 10 months for the tax profits for the 12 months to December 31 at £857,000, against £697,000 restated for FRS 3 and to reflect changes in the accounting policy for a leasehold property.

lifted to 2.35p (2.25p) making a

reflected a sharp reduction in interest payable to £225,000 (£794,000). This fall came because of

tighter stock controls related to the greater efficiency of the Earnings per share were group's manufacturing tech-3.88p against a restated 2.21p. group's manufacturing tech-niques. Gearing was cut from

year of about \$800,000 to pay The proposed final dividend is 50.1 per cent to 28.4 per cent. The tax charge, at £384,000

> efit quickly from any upturn in its main automotive and aerospace markets. "In certain sectors we anticinate increasing our market share, particularly in North America," Mr Peter Tahany, the chairman, said.

The shares rose 18p to 134p.

#### Battle for Barrhead in unusual twist

By Nigel Clark

The battle for Barrhead Sanitary Ware, the Scottish workers co-operative, took an unusual turn when one class of shareholder failed to achieve the necessary threshold to approve one of the offers for the bathroom prod-

ucts group.
It is thought there may be a danger that the other offer may also fail to meet the threshold set down in Barrhead's articles, leaving the company in danger of going

into receivership.

An extraordinary general meeting was called to consider the offer from Baxi Partnership, an employee-owned heating engineering company based in Preston, Lanca-

The meetings of the ordinary voting and preference shareholders agreed unan-mously to let the Baxi offer

proceed but the ordinary non-voting received the support of only 61 per cent against a threshold of 75 per cent. The votes came despite the Barrhead board switching their support from Baxi to Shires, a Bradford-based bathroom products group. The board now fears this offer may not proceed under the present

articles.
If both offers fall Baxi has offered to make a secured loan of £450,000 available to keep the company going and has proposals for strengthening the Barrhead board. In the event of reaching agreement on the Baxi proposals the Bar-rhead board intends simplifying its constitution.

Barrhead was formed in April 1992 by former workers of Armitage Shanks following the closure of its works at Barrhead near Paisley.

# FT-SE committee refuses to change Inchcape classification

The FT-SE Actuaries Industry Classification Committee has again turned down a plea by Inchcape to move its shares from the vehicle distributors sector to diversified industries,

writes Maggie Urry. day, March 7, to discuss quarterly changes to the constitu-ents of sectors which will take effect on April 1. The new sys-

Baring Sec Emerging Markets Tracker Fund Peter Black Holdings

Cassley Brothers

Coastal Corporation

Farringford Flagstone Holdings Gold Fields Property Ernest Green & Ptnrs

Hartone Group

ndia Fund .

Maoritius Fund

Premier Land

Scapa Group

WSP Group

William Sinclair Torday & Carlisia

IS Himalayan Fund

Kitty Little Korea China Super Fund

Nrth Amron Gas Inv Tst

Regent Corporation :

Engelhard

per cent of its 1992 profits derived from "motors importing, distribution and retailing", only 14 per cent came from the

start of this year.

retail side. Inchcape said it made a fur-

Incheape said the commit-tee's decision was "a great dis-

appointment". It has repeatedly argued that although 60

tem came into operation at the ther submission to the commit tee arguing that factors which different to those which bear on Inchcape's activities.

Tha group is planning to alter the split of profits disclosed when it publishes 1993 results on March 28. It will divide the motor retail profits from the importing and distribution activity.

#### NEW FT-SE ACTUARIES INDICES CLASSIFICATIONS Current Sub-sector Moves to Sub-secto Bectronic Equipment Dist of Ind Comp & Equip

Investment Trusts Footwear & Leather Distributors, Other Gift & Costume Jeweller Vehicle Comp & Asse Oil Exp & Production es Supp Services Gift & Costume Jewelle Other Servs & Business

Food Manufacturers Building & Construction Eng, Instr., Tools, Mech Holig Chem, Materials Tech Chemi, Materials Tech Investment Trusts

Investment Trusts Retailers, Chain Stores Chem. Materials Tech Othr Min Extract & Mines Paper & Packaging Other Rusinssess Dist of Ind Comp & Equip Gold Mining Business Supp Services Electrical Equipment

Offshore Invest funds Vehicle comp & assemblers Dist of Ind Comp & Equip Computer Services Furniture & Furnishings Leisure Property Agencies Distributors, Other Distributors, Other

Other Businesses Offshore Inv Comp & Funds Offshore Inv Comp & Funds Offshore Inv Comp & Funds Electronic Equipment Health Care Offshore Inv Comp & Funds Offshore Inv Comp & Funds Flectrical Equipment

**Property** Building & Construction Engineering, Specialities Property Agencies Diversified industrial Dist of Ind Comp & Equip

# **Aluminium cuts** spread to Mideast

Aluminium Bahrain, the Gulf's largest aluminium producer, announced yesterday thet it was cutting annual output by 20,000 tonnes a year to help support the market, reports Reuter from Manama. Further reductions would

depend to a large extent on a concerted approach by the entire aluminium-producing community, it added. "Several discussions have taken place among the Middle East smelters on ways of sup-

porting the present international drive to re-establish balance between supply and demand in the primary aluminium market," according to a company statement. "Follow-

ium Bahrain has decided to reduce production by 20,000 metric tonnes per annum." Alba produced e record 450,000 tonnes last year, after doubling its capacity in 1992. Western producers have announced output cuts totalling about 850,000 tonnes since agreeing the multinational plan in January, and prices have risen by 8.5 per cent. But analysts have suggested that it will be difficult to reach the cuts target of between 1.5m and 2m tonnes a year without the participation of producers not represented at the January

talks, which include those in

### Canada's Cambior wins Peru copper concession

By Sally Bowen in Lima

Cambior of Montreal has won the concession to develop the Peruvian copper deposits known as La Granja, in the northern department of Caja-

It outhid three other Canadian companies - Cominco, Teck and Placer Dome - as well as Cyprus Minerals of the US at public euction in Lima on Monday. Cambior will invest \$25m over a maximum of five years, with an additional payment of \$1m a year for the exploration option. It also offered the Peruvian state

MARKET REPORT

sliding overnight on Japan's announcement that it was

planning to sell about 90

tonnes of melted-down surplus

gold coins. In London the price

hit a three-mouth low of

\$375.45 a troy ounce at the

morning fixing before ending

at \$376, down \$1.60 on the day.

a 5 per cent royalty on all

future sales. La Granja has mineral reserves of around 320m tonnes, averaging 0.78 per cent copper and four grammes of silver a tonne. If feasibility studies prove positive Cambior could invest \$450m in an initial leaching operation to produce copper cathodes. A concentrator plant would follow.

Mr Raul Otero, president of Mineroperu, the state company that owns the deposit, said

anticipated sales could top \$300m a year. That would

mean \$15m a year in royalty

Gold steadies after touching 3-month low

ally steadier but seemed con-tent to trade within a fairly

static \$1,900-\$1,920 e tonne

range for three months deliv-

Exchange May COCOA futures

closed \$12 up in London up at

\$930 a tonne and traders

thought fresh buying might be

London

### as Opec hopes fade By Robert Corzine Oil prices in London and New

Oil slides

York slipped below psychological support levels yesterday as traders saw little scope for any decisive action from this month'e meeting of the Organ-isation of Petroleum Exporting

Countries.
In London the benchmark Brent Blend for April fell

Opec production quota of 24.52m barrels a day was . . . written into the price", according to Mr Lindsay Horne, a trader at the London branch of Lehman Brothers, the US investment bank.

could spike down to around \$12 ahead of the meeting". The market perception that Opec would simply roll over

its present quota into the second quarter of the year was reinforced yesterday by news agency reports suggesting that Iran was worried that any Opec production cuts would be offset by sharply rising pro-duction from independent producers, such as the UK and

below the \$13 a barrel barrier to \$12.99, just 9 cents above the five-year low of \$12.90 reached last mouth. It later recovered in late trading to about \$13.05. In New York the Nymez price for April crude fell at one point in early trad-ing below \$14 a barrel. A rollover of the present

He said it was "Intuitively wrong for the market to go into an Opec meeting below \$13 e barrel, but the price

Compiled from Reuter

+7,125 to 2,567,526 -560 to 46,060 +1,676 to 646,450 +825 to 331,325

WHEAT LCE (E per torine)

GRAINS AND OIL SEEDS

# Market economy bears fruit in Budapest

A wholesale revolution has brought an array of exotic produce, writes Alison Maitland

udapest's wholesale Budapest s wholesale market, on the outskirts of the Hungarian captal, offers a fine example of the remnants of the old eastern bloc sampling the fruits of the

market economy. A steady stream of battered Lada cars processes through the damp spring morning past stalls brimming with imported oranges, grapefruits and kiwi fruit. The drivers – grocers and traders from the city - pause to see who is offering the keenest price before chugging on. The market, which provides 90 per cent of Budapest's fresh fruit and vegetables, is a pioneer in the reconstruction of eastern Europe's troubled agricultural sector, being the largest in the region and the first

organised along western lines. Mr Gabor Demszky, the mayor of Budapest, was in London yesterday to sign a \$6.7m (Ecu5.9m) loan agreement with the European Bank because of problems over land for Reconstruction and Devel-

opment to help provide the market with a cold store, bigger parking and service areas and facilities for ripening

Thanks to the market, bananas have become an everyday fruit in Budapest, says Ms Anne Bosche-Lenoir, the EBRD's project manager in Hungary. But the problem is that "the bananas are already yellow when they arrive, so the value is being added somewhere else".

creating efficient pricing and breaking the stranglehold of Matia-style operators on tradi-tional east European production and distribution networks It has received requests from Albania to Alma Ata for help in setting up markets. But progress has generally been slow. Attempts failed in Moscow and St Petersburg

to reducing distribution costs

reform and resistance from organised criminals. Budapest was different. The city authorities had set up the market themselves in 1991. They created a company to operate it, with shareholders including a leading Hungarian savings bank, an agricultural co-operative, whose land was taken over for the market, and several small companies, as well as the municipality.

Within a year of opening, it had become severely cougested. About 95,000 farmers, The bank sees competitive wholesale markets as the key anxious to break with the discredited co-operative distribution system and sell their produce direct, descended on the market in the first summer, quening for up to three hours to 350,000 tonnes, five times that of the old wholesale operations in the city centre, and the market found itself handling half the country'e fruit and vegetable imports.

The EBRD, drawing on

wholesale systems in France. Italy and the Netherlands, stepped in to provide advice on reorganising operations. This included setting up television screens to track prices and introducing a proper account-ing system. Then it agreed to fund part of the \$26.4m extension, allowing the city rather than the government to guarantee a loan for the first time.

"Without our money, they wouldn't have been able to finance this infrastructure," seys Ms Bosche-Lenoir. "There'e no long-term finance available in Hungary." To minimise the company's borrowing costs, wholesalers are being asked to pay a lump sum for leasing rights before construc-

tion begins in May. The market has been a blessing for Mr Gabor Czeizler, managing director of Wienimnex. a wholesale operation distributing greenhouse produce from south-east Hungary. He has seen his annual turnover nearly double since he moved out from the city cen-tre. "This place is reachable from all directions," he says. There's a very good network of roads."

Mr Lajos Juhasz, who works on a stall in the covered part of the market, is glad of its existence too. He used to be deputy manager of a butcher's shop, but the state meat company that owned it went bankrupt and he was out of a job. The money is better but the hours are very long," he says. The market has also spawned rivals in other cities, which has made the competition tougher.

For the people of Budapest, the increased availability not only of exotic fruits but also of peppers, one of Hungary's most typical vegetables, is welcome. "Now we can buy tomatoes and peppers in the winter, one woman explained. They come from Holland, but they don't have the flavour of our

# India prepares ground for flower sales drive

Kunal Bose reports on plans for a dramatic expansion in production and exports

it intends to join the ranks of the major flower producing countries in the next few years. Encouraged by the federal government's decision to make floriculture a priority area for development, a large number of established business houses and new entrepreneurs have decided to grow flowers on a commercial scale for the

export market. "Like so many other tropical countries, India should have taken the initiative to grow flowers scientifically on a commercial scale a long time ago," says one industry official. "After all India has plenty of land, water and sum to grow a large variety of flowers. But we should be able to make up for the lost time." The liberalisation of the import of technology and mother stock plants will make it possible for India

SOFTS

ndia has served notice that to grow flowers for the world to expand quickly the producmarket, he says. The Agricultural and Pro-cessed Food Product Export Development Authority has

estimated that of the nearly 34,000 hectares of land under floriculture, only about 10,000 hectares are used to produce cut flowers. Experts believe that it should be possible to commit as much as 500,000 hecteres to floriculture in the next few years. By amending the land ceiling act, which allows corporations to acquire large tracts of land for horticulture, the government of Maharashtra has set the trend

for the other Indian states. World trade in flowers, estimated at over \$25bn, is growing at a highly encouraging rate of 11 per cent a year. This has enabled countries like Colombia, Guatemala, Brazil, Kenya, Thailand and Malaysia

do not as yet offer "good intertrast. India's exports of cut flowers, foliage and tissue cul-ture plants amounted to a meagre Rs130m (£2.75m) last year. But in view of the strong interest of the Indian corporations in floriculture, it is now felt that the flower export target of Ralbn for 1996-97 "is too conservative".

he locations identified for the development of intensive floriculture are Pune and Nashik in Maharashtra, Bangalore in Karnataka, Thiruvananthapuram in Kerala, Kalimpong in West Bengal and Shrinagar in Jammu and Kashmir, But except for Pune and Nashik which are close to the Bombay airport, where APEDA has

built cold storage facilities for

flowers - the centres identified

national air connections", industry officials point out. The government, which has given a 25 per cent air freight subsidy on flowers is talking to several foreign airlines about securing adequate cargo space for flowers. It also has agreed to create the necessary infrastructure at the major airports. in the country for storing and

ndling flowers. The Indian companies entering the flower business have chosen Europe, south-east Asia and the Far East as their principal target markets". The US is the single largest market for flowers but "India is not targetting it because of the dis-

"The most productive flower growing period in India is September to March. This coincides with the peak seasonal demand for flowers in Europe. We want to make the best use of this season," say the industry officials, who at the same time admitted of their many handicaps. "Our knowledge of constructing ideal greenhouses is limited. We lack good plant

materials "Without foreign technical know-how, we will not be able to produce flowers for the world market. And our knowledge of flower marketing is practically nil."

But the liberal import of floriculture and tissue culture technologies, greenhouses, mother stock plants and seeds are enabling the Indian companies to make a confident start in flower business. As for marketing, most Indian companies are seeking the assistance of Dutch companies to ensure that their flowers realise good prices at the auction.

#### At the Loudon Metal COMMODITIES PRICES

BASE METALS

LONDON ME	TAL EXCH	ANGE	M GO	LD COM	EX (10	Q Troy	ız.; S'tı	oy oz.)	
(Prices from Amelgen	nated Metel Tr	adiogi		Sett	Day's change	Hah	low.	Oper	Val.
ALUMINIUM, 99.7	PURITY (S pa	r tormej	Mar	378.7	+0.8			•	
	Cuelt	3 metrs	NOT	371.7	+0.8	277.9	376.0	70,143	10,980
Close Previous	1258-9 1267-5-8.5	1281-2 1290.5-1	Alary Jest	378.8 879.9	8.0+	378.5 380.1	378.5	34,925	1,401
High/low		1285/1274	Aug	382.2	+0.8	382.0	360.0	5,348	
AM Official Kertu close	1260.5-1.5	1283.5-4 1278-9	Oct Total	384.7	+0.8			4,093 144,542	
Open Int.	267,747	12.00		MUMITA	NYME	K (50 Te		-	•
Total diely turnover	35,389		Apr	394.5	+1.0	305.0	393.0	_	621
M ALLIMINEUM ALL			Jul	395.6	+1.1	396.0	394.0	4,076	
Close Previous	1195-200 1221-8	1195-200 1216-7	Oct Jan	396.1 396.5	+1.1 +1.1	397.0	337.3	1,121	
High/low	1195-200	1199/1190	Apr Yotel	397.6	+1.1	•		528 19,362	
AM Official Kerb close	1142-500	1195-8 1195-200		LLADIUM	NYM	EX (100	Truy a		
Open int.	4,209		Mar	133.75	+2.20	-	,	57	,
Total daily turnover III LEAD (5 per tonne	644 A		Jan	132.50	+0.05	132.50		4,076	8
Close	431-2	445-5.6	Dec Sup	132 <u>.2</u> 0 131.70	+0.95	131.00	131.00	384 178	
Provious	431-2	445-6	Total	12120	10.00			4,000	
High/low AM Official	428-8.5	451/442 442-2.5	<b>38.</b>	VER CO	WEX (1	00 Troy	02; C	mis/dro	y oz.)
Kerb close	-20-03	451-2	<b>Bur</b>	520.6	+3.0	522.0	516,0	1,928	
Open int.	36,022		Apr	521.0 523.5	+2.8	525.0	5180	85.416	
Total daily turnover IN NICKEL (\$ per tor	13,232		Jel	527.5	+28	528.5	522.5	17,382	450
Close	5380-5	5430-5	Sap Dag	531.4 537.2	+28 +28	528.0 538.0	528.0	4,058 8,856	
Previous	5475-85	5533-5	Total	337.2		333.4		105,310	
High/low	5365 5360-5	5490/5410 5416-20							
AM Official Kenty close	3300-5	5460-5							
Open Int.	50,985		ENE	RGY	•				
7otal daily turnover III TIN (S per torne)	10,759			UDE OIL		X (42.0	00 US	nalts. S	bareli
Close	5245-60	5295-300		Lutant				Com	
Previous	5292-7	5342-4		price	change	_	LOW	int	Aol
High/low		5330/5200	Apr	14.04	-0.06	14.21		103,755	
AM Official Kerb close	5200-1	5245-50 5305-10	May	14.21 14.40	-0.07 -0.08	14.35		67,821 66,040	7,353
Open Int.	19,882		Jel	14.84	-0.01	14.72		30,377	5,186
Total daily turnover	7,615	-	Ang Say	14.79	-0.03	14.89		15,246	
ZINC, special high	922.5-3.5	940-1	Total					443,123	
Previous	918-9	935-6	■ CR	UDE OIL	_	(perrel)			
High/low AM Official	912-3	940/927 929-30		Latest		High .		Open	Wal
Kerb close		935-7	Apr	price 13.87	+0.03	13.16	12 99	61,201	
Open int. Total delily fullnover	109,528 15,198		May	13,10	-0.05	13.24	13.05	44,656	8,075
M COPPER, grade /			Jest Mari	13.23 13.38	-0.08 -0.11	13.35	13.22	16,227	1,521
Close	1900.5-1.5	1916-7	Aug	13.54	-0.07	13.63	13.54	5,863	273
Pravious	1892-3	1908-9	Sed Total	13.73	-0.07	13.78	13.73	3,340 144,856	20.546
High/low AM Official	1895/1894 1894-5	1917/1904 1906-8.5		ATING O	OL XYM	EX 142.00			
Kerb close		1910.5-1			Day's			Great	
Open int. Total delly furnover	243,110 54,793			price	-	High	Leur	int	***
III LME AM Official	£/\$ rate: 1.48	29	Apr	42.90 42.00	-0.47	43.78		46,930 46,822	
LME Closing \$/\$	rate: 1,4830		Jan	42.15	+0.05	42.45	42,10	29,505	4,990
Spat:1.4875 3 mithe:1.483	31 6 mbs:1,4803	9 mms:1,4789	Jul Aug	42.90 42.75	+0.16	43.05	4.290 4.385	20,090 8,895	1,521
HIGH GRADE CO	PPER (COMEX		Sep		+0.35			7,191	
Day's		Open int Vol	Total					180,952	31,143
Close chang (88.50) +0.20	e High low 88.30 88.40		<b>E</b> GA	S OIL IPE				_	
Apr 88.55 +0.15	69,35 86.50	1,148 6		Sett	Day's	Hick	Low	Cipaci	Yel
Many 85.75 +0.25		36,044 6,025 846 1	Mar	130.25	-	137.50			
Jul 58.60 +0.20	69.25 88.40	9,168 588	Apr .	135.75		137.06 136.50			
Aug 80.65 +0.25 Tutal		388 · 62,821 7,446	Jan	135.25 136.00		137.50			1,023
,		orient alter	34	137.50		138.25			595
DOCOLOU IC	AFTALO		Fotal	140,00	-1.50	141,00		5,109 121,363	21,493
PRECIOUS I				TURAL O	JAS KYI	MEX (10,			
Prices supplied by N		)		Letest	Day's			Open	
Gold (Troy oz.)	\$ price	£ equiv.			Circles .		Low	-	Val
Close	375.80-376.20		Apr		-0.012 -0.010	2.160 2.145		14,895 12,362	6,655 2,055
Opening fix	374.80-375.20 375.45	251.980	Jen Jen	2.120	-0.006	2125	2110	9,696	432
Afternoon fix	376.10	252,367	Jel Ang		-0.006 -0.008	2.110 2.126	2100 2117	8,700	415 209
	378.80-377.20 374.80-374.70		Ang Sep		-0.006		2140	10,253	98
Previous close	377.40-377.80		Total	LEADED	Gree	4 10.00		115,976	10,521
Loco Ldo Meen Gold	Landing Rate	nt (Va. LISS)		للتاسب	-				

\$ price 376-379

Precious Metals continued M GOLD COMEX (100 Tray az.; \$/tray az.) Sett. Dwy's Open to be well with the control of the 

Commodity

NOT	377.7	+0.8	277.9	376,0	70,143	10,980
they -	378.8	+0.8	378.5	378.5		
Jen.	879.0	+0.0	380.1	378,1		1,401
Aug	362.2	+0.8	3820	360.0	5,348	5
0ct	384.7	+0.8			4,092	36
Tobal					144,542	12,754
M PLA	TINUM	GWYN	(50 To	oy oz.;	S/tray (	<b>PZ</b> )
Apr	394.5	+1.0	385.0	393,0	13,127	621
Jel	395.6	+1.1	396.0	394.0	4,076	123
Oct	396.1	+1.1	397.0	394,5	1,121	5
Jee	395.5	+1.1			571	
Apr	397.6	+1.1	•	•	528	1
Total					19,362	752
M PAL		NYM	<b>Σ</b> (100	Troy a	2; \$/00	y Oz.)
Mar	133.75	+2.20			57	5
Jan	132.50	+0.05	132.50	121.00	4,076	82
Sup	132.20		131.00	131.00	354	9
Dec	131.70	+0.05			178	
Total					4,005	96
34,	VER CON	MEX (1)	XI Troy	02; C	rita/tro	y oz.)
State .	520.6	+3.0	522.0	516.0	1,928	256
Apr	521.0	+28			14	
May	523.5	+24	525.0	2180	65,416	9,367
Jel	527.5	+28	528.5	522.5	17,382	456
Sap	531.4	+2.5	528.0	528.0	4,058	41
Dec	537.2	+2.8	538.0	532_0	8,856	435
Total					105,310	14,718
	RGY					4.1.4
- CH	IDE OIL	$\overline{}$	× (42,0	W 08 9		vaire)
	Later	962,2	Web		Open	71-1
	buce	chicae	-	LOW		Aol
Apr.	14.04	-0.06	14.21		103,755	
Mary	14.21	-0.07	14.35	14.17	67,821	26,462

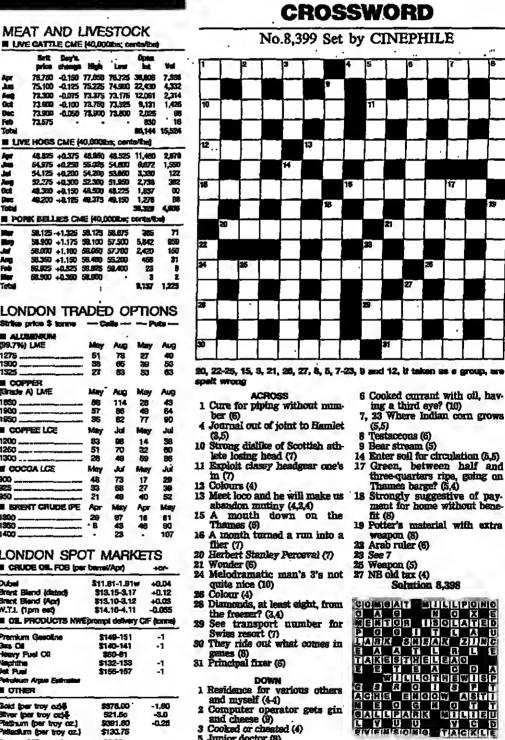
40	14.04	-0.06	14.27	13.96	103,755	43,726
May	14.21	-0.07	14.35	14.17	67,621	26,462
Jan.	14.40	-0.00	14.54	14,36	66,040	7,383
Jul	14.84	-0.01	14.72	14,56	30,377	5,185
Awa	14.79	-0.03	14.89	14.87	15,246	913
Sep	14.99	-0.03	15.12	15,80	18,807	1,841
Total					443,123	\$1,508
■ CR	UDE OIL	PER	(berred)			
	Labori	Day's			Open	
	price	فالمحررة	High	Low		Wal
Apr	13.07	+0.03	13.16	12,99	61,201	17,873
May	13,10	-0.05	13.24	13.05		8,075
Jest .	13.23	-0.DB	13.35	13.22		1,521
	13.38	-0.11	13.51	13,38	9,455	839
Tag .	13.54	-0.07	13.63	13.54		28.00
Sep	13.73	-0.07	13.78	13.73	3,340	100
Total					144,856	28,546
■ H€	ATING O	OL KYNE	X (42,00	10 US ga	h; cUS	golfs.)
	Latest	Day's			Speci	
	price	<b>CHARGE</b>	High	Lever	iest	7
Apr	42.90	-0.47	43.78	42,85	46,930	14,263
May	42.00	-0.07	42.35		46,822	6,972
See.	42.15	+0.00	42.45	42,10	29,505	4,990
Joi	42.90		43.05	4.290		1,521
Any Sep	43.75		44.00	4.385	6,895	781
Sep	44.85	+0.35	44.95	-	7,191	433
Total					180,952	31,143
E GA	S OIL IPE	(\$/tonne	4			
	Sett	Day's			Open	
	price	وأرهبه	High	Low	gert.	Yes
	130.25	-1,00	137.60	134,00	23,033	6,232
Apr .	135.75	-1.00	137.05	135.50		7,019
May '	135.25		136.50			1,023
	136.00		137,60		17,020	1,845
100	137.50	·1.75	138.25	137.50	11,550	595
log	140,00	-1.50	141.00	139,75	5,109	86
Total					121,363	21,493

	انسابا	Day's			Open	
	price	<b>CANODI</b>	High	Low		Vol
Apr	2155	-0.012	2.160	2.135	14,895	6,88
Ray	2.139	-0.010	2145	2.120	12,362	205
	2.120	-0.006	2.125	2110	9,696	43
1	2110	-0.006	2110	2.100	9,008	41
-	2.117	-0.008	2,126	2117	8,700	20
Sec	2.135	-0.006	2.145	2140	10,258	3
Total					115,876	
	LEADED EX (42,000					
	LEADED Ex (42,000	US galls			Com	
	EX (42,000					Vel
NYN	Ex (42,000 Lutost	US gate Day's	. c/US g	allu)	Open	
NYN pr	Letest price	US gate Day's change	. c/US g		Open int 36.615	12,94
NYN Spr Mary	Latest price 43.35	Day's charge -0.40	14.00	Low 43.30	Open int 36.615	12,944 5,66
RYN Apr May Jun	Ex (42,000 Letest price 43,35 44,35	Day's charge -0.40 -0.32	Elph 44.00 44.80	43.30 44.20	Open Int 36,615 41,178	12,946 5,66 3,60
NYN Rejec Maley Justi Justi	Ex (42,000 Latest price 43.35 44.35 44.95	Day's charge -0.40 -0.32 -0.42	High 44.00 44.80 45.60	43.30 44.20 44.85	Open int 36,615 41,178 18,427	12,940 5,66 3,60
	Ex (42,000 Letest price 43,35 44,35 44,95 45,46	Day's charge -0.40 -0.42 -0.42 -0.20	High 44.00 44.80 45.80 45.70	43.30 44.20 44.95 45.30	Open Int 36,615 41,178 18,427 8,867	12,946 5,66 3,60 97

	_		_			
	Sett. price	Charge Day's	High	Low	Open	Yes
Mar	102,40		192.40	101.95	120	-
May	104,15	+0.80	10415	193.50	1,972	35
Jan Say	104.35	+0.80	104.35	103,80	385	3
	90.75	+0.35	92.00	82.00	1,014	11
	94.15	+0.40	84.15	94.15	414	10
otal	•				4,192	55
I W	EAT CH	(S,000	ibu triin	; cents	750% bu	(orles
4	338/0	4/2	342/0	337/4	5,575	1,74
Lay.	339/2	-5/4	3449	3360	77,555	13,08
lei Sap	328/2 329/4	-3/2	330/9	327/4	15,855	12,14
Dec .	337/6	-3/4	340/4		20,176	29
	340/6	-3/4	•		10	
					214/05	
	AZE CHI	_		COULT	900 0	aniet.
	275/6	-50	201/0		20,735	
lay M	263/2	-5/0 -5/2	200/0		651,1001 549,860	
	273/4	40	277/4		25,880	5,81
	262/2	-2/2	2845	252/0	273,475	20,88
	266/2	-272	2704		17,320 1,847W	35
lond Re	PLEY LC	E #	-		I WANT	-antig
						_
Ley Ley	104.75	+0.25		:	198	
Sep	92.50	-		-	118	
Sep Hav	94.50	-0.25	94.50	94.50	58	7
les Nor	95.75 97.00	:	:		1	
Total	37.00		,		474	7
	YABEAN	B C87 6	,000b; i	nic; ceri		
Mar	663/2	-2/2	667/4	<b>682/5</b>	20,785	21,895
iley .	86774	-3/2	67340	687/0	23,245	92,960
Jed.	669/0	-3/2 -2/4	674/2 666/6			27,350
Ray Sap	662/0	-25	853/4		37,245 18,450	2,393 1,453
lav	639/2	-2/4	6444	635/51	35,365	10,110
Total				7	181,005	36,515
	YABEAN		17 (60,0	_		
Mar.	25.03	-0.01	24.17	27.50		1,73
itay kal	25.00	+0.02	25.20 25.19	27.88	35,887 25,053	4,555
leg	27,81	+0.09	77.85	27.45	7,452	710
Sup .	27.33	+0.20	27.50	27.10	7.141	682
Oct	21.67	+0.20	35.80	28.54	5,277 (00,425	82 14.853
	YABEAN	MEAL	CBI (1)			
	190.3	-0.4	181.3	129.9	3,475	1,005
No.	191.1	-0.4	192.1	190.7		4,302
w	197.2	-0.5	192.7	191.1	24,222	2,575
Sep Sep	190.0	-1.0	191,4	190.0	7,032	235
Sep Det	188.9 187.2	-0.8 -1.1	190.0 188.8	188.7 187.1	5,461 2,928	79
lotal	.0142				84,250	8,090
	TATOES	LCE (\$7	torare)			
PO		+1,5	156.0	150,0	1,370	157
6	152.5	+1.3				140
ler Mar	168.8	+24	170.0	186.0	1,025	
ler Mar					1,025	
ler ikiy isa	168.8 130.0 80.0					
lyr liky lor lor lyr	168.8	+24			2	21
Apr Hay Jun Nov Hay Apr Total	168.9 130.0 80.0 105.0 129.0	+24	170.0	186.0	2,579	21
ler ilay ion ion ion ion ion ion ion ion ion ion	166.8 130.0 80.0 105.0 129.0	+2.4 +2.5	170.0 128.8	186.0 - 125.0 O/index	2.579 point)	21
ler lity len ler ler ler ler	168.8 130.0 80.0 165.0 129.0 129.0	+2.4 +2.5 FFEX( )	170.0 128.0 LCE (\$1	166.0 125.0 0/index	2,579 ( point)	21 314
igr iday iday iday iday iday iday iday iday	168.8 130.0 80.0 105.0 128.0 128.0 1152 1226	+2.5 +2.5 +13 +23	170,0 128,8 LCE (\$1 1155 1230	186.0 125.0 0/index 1140 1210	2.579 point)	21 314
ler lity len ler ler ler ler ler ler	168.8 130.0 80.0 195.0 129.0 129.0 1152 1226 1222 1118	+2.4 +2.5 +13 +21 +21 +21	170.0 128.8 128.6 1155 1230 1230 1120	125.0 0/index 1140 1210 1215 1119	2,579 ( Point) 256 1,150 223 533	21 314 15 153 33
lor lor lor lor lor lor lor lor lor lor	168.8 130.0 80.0 195.0 129.0 129.0 119.0 119.0 119.0 122.0 118.0 122.0	+2.4 +2.5 +2.5 +13 +23 +23 +23 +23 +23	170,0 128,8 128,8 1155 1230 1230	186.0 	2,579 ( point) 256 1,180 223 533 241	21 314 15 153 33
lor	168.8 130.0 80.0 195.0 129.0 129.0 1152 1226 1222 1118	+2.4 +2.5 +13 +21 +21 +21	170.0 128.8 128.6 1155 1230 1230 1120	125.0 0/index 1140 1210 1215 1119	2,579 Point) 256 1,180 223 533 241 74	21 314 15 153 33 18
lor lor lor lor lor lor lor lor lor lor	165.8 130.0 60.0 105.0 129.0 115.2 1152 1226 1222 1118 1269 1293	+2.4 +2.5 +13 +21 +22 +22 +21 +23 +45	170.0 128.8 128.6 1155 1230 1230 1120	125.0 0/index 1140 1210 1215 1119	2,579 ( point) 256 1,180 223 533 241	21
ler liky len ler ler ler	168.9 130.0 80.0 105.0 129.0 129.0 1152 1226 1222 1118 1269 1293	+2.5 +2.5 +13 +13 +23 +23 +23 +23 +23 +5	170.0 128.8 128.6 1155 1230 1230 1120	125.0 0/index 1140 1210 1215 1119	2,579 Point) 256 1,180 223 533 241 74	21 314 15 153 33 18

H CO	COA LCE		e)					E CATTLE	CME (
	Sett.	Day's	Mak	Low	Open.	-		Sett !	Bey's.
Mar.	214	+15	915	811	825		Apr	76.750 -	0.150 77
May See	931	+13	933 945		23,465		Aug Surk	75.100 - 72.300 -	
Sept Dec	968	+15	957	948	11,164	107	Dec	73.000 -	
No.	968 964	+13	984	362	17,395	113	Feb	73.900 - 73.575	
Table	~~~	c an L			107,823	4,788	Total	was a	e de Cara
Her.	1165	-2	1173	1160		49	Apr	48.825 +	
# T	1182	3	1196	1151	32,765	E,846		54,975 +	1250 55
Jel Sap	1227	+5	1216	1225	17,684 6,128	1,820	Jul	54.125 +4 52,275 +4	
Dec	1254 1298		1255	1257	6,351 9,912	79	Oct	48.300 +	0.150 48
7otal	1200		(A)	1400	91,425		Total	48.200 +	1120
<b>E</b> COX	COA BCC	C) (ESC)FI	'e/tonn	<del></del>				RK BELLE	
Cally		. **	Prime 923.56		Pres.	2.83	Mer	58.125 +1 54.900 +1	325 58
Mar 4							Stary Jul	58.000 +1	.100 58
	TEE LCE		. 913.52 }		813	2.78	Ang Feb	58.350 +1 59.825 +6	
Na'	1258	+5	1263	1260	663	132	Total	58.900 +l	1360 58
May Jel	1269	+4	1274	1365	15,884	3,255	1013		
Sep	1260	+3	1254 1251	1255 1255	4,450	179	LON	IDON '	TRA
No.	1256 1253	+5	1258 1253	1262	3,158 5,054	31 6		price \$ to	
Total					39,500			MUNICINA	
	TEE C' C				_		(99.7% 1275		
Her May	76.60	-0.85	77.36 78.10	76.86 76.35	30,865	100	1300		
	79.90 81.20	-0.30 -0.25	80,40	79186	7,864 5,338		■ CO		
Sep Dec	52.45	-0.20		230	3,476	241	(Grade 1850 _	A) DATE	
Mar Total	83.30	-0.10	•	•	1,082 46,1161	2,185	1900		
	THE OCC	(US or	nts/po	undţ	_		1950	THE LOS	
7 ·			Price		Pres. 1	-	1200		
	PRINTS		74.40 73.83		72	35	1260 1300		
_	PREMIU						# COX	COA LCE	ı
Hay Ma	12.50	+0.05	12.10 12.50	11,89	1,372 2,737	14	900		
let.	11.80	+0.07		-	130	•	950		
Japan Turkai	11.75	+LUZ			4,230	15	1300 _	en cano	EIPE
_	TE SUGA	_			-	_	1850		
My Mg	335.30 329.10		33EL50		7,917	1,453 532			
ict Dec	305.80	+0.25 1	906.50	02.50	135	155		DON :	
	301.30	+0.00			351	16		DE OIL FO	R fber
ictal	302.50	+0.80	303.90	303.20	202 16,944	7 2,220	Dubai Brent B	Siend (date	3
_	AR "11" C	SCEU	12,000	ba; cer	te/los)		Breck B	Hend (Apr)	
May Jul	13.54 12.04	+0.05	11.90 12.07	11.67	62,585	5,593 5,693	■ OE	PRODUCT	S NWE
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**JOTTER PAD** 

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# Bond falls hit share prices towards the close

By Terry Byland, UK Stock Market Editor

Leading stocks stumbled badly at the close of trading yesterday as bond markets fell sharply and rumours circulated that a larga rights issue was overhanging equities. The FT-SE 100 Index, which had been moving nervously all day, extended an earlier loss to close 41.5

down at 3.264.4. Hints of a big fund-raising surfaced in the stock market early, and market analysts identified several nossible names among leading companies due to report profits this week. BAT Industries, weak yester-day, and Cadbury-Schweppes both featured prominently in the list.

back in equities was a sell-off in gilt-edged securities, the second of

A deeper reason for the late set-

the session. Uncertainty in bonds across Europe reflected uncertainty ahead of the outcome today of the Bundesbank's variable rate tender, which has turned attention once again to interest rate prospects. Strategists noted that bond mar-

kets were again exercising the power over stock markets which lay behind the shakeout of the past two weeks. But they said it was too early to say whether the equity rally of the two previous sessions had been seriously challenged.

Shares opened higher but were quickly tripped up as darivatives markets turned off when transatiantic houses sold futures instruments. The first bout of selling in bonds then hit, driving the Footsie down by more than 23 points. Selling was modest and shares soon steadied as losses in glits were reduced.

Account	Dec	۲na	Dates	
"First Dealings; Feb 28	Mar		Mar 28	_
Option Declarations: Mar 10	Mer :	<del>24</del>	Apr 7	
Last Declings: Mar 11	Mar :	*	Apr 8	
Account Day: Mar 21	Apr	8	Apr 18	
Ties time dealings	1987	teke	place from	bre

UK economic data, showing an unexpected jump in manufacturing output in January, and thus leaning against the likelihood of an early cut in base rates, was a discouraging factor. However, traders said that the stock market was content to take its cue from bond prices. The final setback came very quickly and caused some analysts to suggest that market confidence

was "surprisingly weak". There was

little time for sslling to spread across the range and the FT-SE Mid 250 Index finished only 14.6 down at 3.923.1.

The FT-SE 100 Index was hit by weakness among the pharmaceuti-cal stocks, which still command a strong following among fund managers. There was also weakness in the utility sectors, which had proved resilient during recent weakness in equities. Property stocks, too, took heavy casualties after a progress report from a leading City of London group cast a cloud over the supposed recovery in the com-

mercial sector. Seaq volume increased to 676.2m shares from Monday's 576.3m, which returned a retail business worth of £1.25bn, at the lower end of average daily figures. Traders stressed that there was significant

Howaver,

together with some other brew

ing stocks, retreated in line with the market and also on a

cautious note from NatWest

Securities. The broker argued

that the weak earnings growth potential of the sector pointed

to short-term underperform-

ance. Whitbresd slid 10% to

550%p, Scottish & Newcastle 10

to 549p and Allied-Lyons also

Waters in demand

selling pressure yesterday and ques-tioned whether the stock market was yet able to free itself from the pressure exerted by bond markets across Europe.

The equity market is expected to face a test of its attempted recovery today, when the outcome of the Bundesbank money market repo tender may give a hint on the near term trend of interest rates in

A batch of results from leading British companies will also under-line the latest trends in dividends. Equities outperformed against government bonds during the recent sell-off with the help of improved dividend payments from the banking sector. This improvement in returns to equity investors is expected to continue if the recovery in the UK economy takes hold.



Key Indicators

Indices and ratios FT-SE 100 FT-SE MId 250 3923.1 FT-SE-A 350 1656.4 -17<sub>-</sub>6 FT-SE-A All-Share yield 3,48 (3.45)

1 Other Financial 2 Water \_\_\_\_\_ -0.7 +0.8 Printing, Paper, Pckg +0.3 FT-SE SmallCap ex IT ... FT-SE SmallCap ..... -0.1

Equity Shares, Traded 1,000 800 600 400 200

FT Ordinary index 2559.8 FT-SE-A Non Fins p/e FT-SE 100 Fut Mar (6.94) 10 yr Gilt yield

orst performing sectors Oil Exploration & Prod... Gas Distribution

# Cash call concerns hit BAT

Rumours of a record-breaking rights issue settled on BAT Industries, the tobacco and insurance conglomerate. Many analysts were sceptical but BAT's share price tumbled 23 to 470p on heavy turnover of 8.6m ahead of figures due

today The speculation was that Compagnie de Suez would sell its Groupe Victoire insurance existing rights issue record of

bonds in afternoon trading

brought a sharp retreat in

■ FT-SE 100 INDEX FUTURES (LIFFE) 925 per full index point

III FT-SE MED 250 INDEX FUTURES (LIFFE) E18 per full index point

III FT-SE MID 250 INDEX FUTURES (OMLX) 218 per full Index point

FT-SE 100 INDEX OPTION (LIFFE) ("3270) £16 per full index point

E EURO STYLE FT-SE 100 UNDEK OPTION (LIFFE) 218 per full index point

IN EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

1773.58

2576.14

FT - SE Actuaries Share Indices

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3945.0 3920.8 -30.0 3945.0 3927.0 105 3960.0 3933.0 -27.0 3962.0 3960.0 200

-23.0 3940.0 3917.0 . 9

an already lacklustre

arm. BAT refused to comment publicly but was believed to have refuted the story to City analysts, while Suez denied

that it was selling its stake.
One analyst said the speculation had a "superficial charm" because BAT was known to be trying to extend its financial services operations in continental Europe. However, it was also pointed out that BAT had not made a paper-funded acquisition for 20 years.

Some cynical marketmakers felt predictions that BAT planned a two-for-nine cash call to raise £2.6bn had an over-precise ring. If true, it would be twice the size of the

On the Liffe, early trading

in the March contract on the

FT-SE 100 which opened at

(APT)

3,295 saw tha contract

\$1.3bn set up by Zeneca in June last year. Others argued that the market rarely reacts without a reason, and that rumours of a link had been building for some time.

Another market favourite for a possible equity fund-raising was Cadbury Schweppes, which also reports results today. The company would need in excess of £1bn to mount a bid for Dr Pepper, of the US. The Cadbury share price was steady at 494p.

**Boddington busy** In a busy drinks sector,

bread may be considering a hostile hid for the pub retailing group. Such a move would cost Whitbread in the region of

Whithread already owns around 20 per cent of Bodding-ton, inherited from last year's share restructuring with the Whitbread Investment Trust, and under the government's regulations it must reduce its holding or make a bid. Analysts were divided over

the speculation, some arguing that Boddington's portfolio of public houses, hotels and nursing homes would not fit with Whitbread's business. Boddington shot forward 18 on the talk, closing at 294p.

TRADING VOLUME

Major Stocks yesterday

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Argent Father
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Water issues held up well as Credit Lyonnais Laing highlighted their attractions. Analyst Mr Robert Giles said that on Monday afternoon the water shares had moved to a yield relative of 150, a level not seen since the general election. He also pointed out that index-linked gilts, which the utilities tend to track, had picked up. Mr Giles pinpointed Yorkshire, 11 higher at 536p

and Anglian 11 firmer at 515p, as his prime selections. Property shares wilted in the weak market, undermined further by disappointing Decem-ber-end results from Wates

after 547p, Severn Trent,

unchanged at 556p after 572p,

Analysts said tha slight increase in the net asset value to 72.8p was well below market expectations of between 75p and 105p, although this was tempered by the fact that much of the upward valuations in properties have been in Jan-

LIFFE EQUITY OPTIONS

Affect-Lydni 800 28% 50 50 8% 25% 32% (\*\*036 ) 650 12 24% 36 33% 54 60 Augylt 240 23 30 25% 6 15 19%

Bit Airmoys 280 ST% 46 53 5% 14% 21 (\*418) 420 17 28% 37 15% 30% 35% 5will fiction & 390 22 36% 48 13 25% 32% (\*396) 420 10% 28% 32% 32% 31 43 50 Books 500 47% 58 65 4% 15% 15% 19% (\*386) 550 14% 27% 46% 23% 38% 43

BP 380 17 27 34 16 19 24 (\*\*584 ) 390 8 13%; 29% 30 38 41 British Stani 140 8 14 17% 7 12 15 (\*\*140 ) 160 2 8 9% 21 25 27% Bans 500 41 65 86 7 16% 23% (\*\*590 ) 250 12% 26 48% 30 43% 45%

Calin & Wina 475 21½ 38½ - 13½ 29 - (\*477 ) 500 12 27 35½ 32 45 51 Courtuokis 500 48½ 55 84 8 18½ 24 (\*344) 550 15% 28 38 20 44½ 48½ (\*345) 550 15½ 77 17½ 3 5½ 17 (\*586 ) 800 21 38½ 46 18 28½ 37½

(\*\*T04 ) 790 8 13 21% 49 60 70% Marka & \$ 420 17 26 33 10% 21% 24 (\*\*23 ) 460 4 11 13% 38 47 48% (\*\*486 ) 500 16% 21 41 26% 35 43%

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May Ang Nov May Aug Nov

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500 46 85 21½ 28 45½ 56 550 28 43 60 00 74½ 86 460 28 34¼ 42½ 20½ 29 37 500 10½ 18¼ 38½ 50% 56 63

BTR 380 21 21 38 14 19 27 (\*371 ) 300 8% 17% 23 32% 37 41% BRT Talecom 420 27% 36% 42 7% 17% 23 (\*36% 45) (\*36% 45) 450 8 16% 23 30 39% 45 (\*36% 45) 450 8 16% 2 30 39% 45 (\*36% 45) 450 8 16% 2 30 39% 45 (\*36% 45) 450 8 16% 2 30 39% 45

700 82% 86 73 8% 22% 33% 750 17% 37 47 33% 47 58% 800 32% 46% 57% 16% 35 44% 850 11% 20 36 49 85 73%

Apr Jul Oct Apr Jul Oct Dollon

**NEW HIGHS AND** LOWS FOR 1993/94

shake-out among property stocks has highlighted some

group, still smarting from its recent failure to land the Italian Ciga chain, is known to be keen to expand its interna-

tional portfolio. Forte eased a penny to 268p. Meanwhile, talk over Forte's intentions towards the Savoy Group saw the latter move up 37 to 1075p. Standard Chartered was the

pick of an uncertain banking sector with the shares building on Monday's strong performance and moving up 16 more to 1180p, partly reflecting increasing optimism over this morning's preliminary figures, and the chances that the numbers could be accompanied by a share split.

Also helping santiment in stocks heavily exposed to Hong Kong and the far east was a story that Morgan Stanley, the US investment bank and which has triggered big moves in the Hang Seng index over the past year or so, was preparing to increase its weighting in the Hong Kong market.

up well against the overall market with some leading brokers said to be preparing the case that the banks sector is ripe for a re-rating after its recent steep decline. The weakness across financial sectors was triggered by fears of big losses in trading bonds and equities.

High street banks also held

The takeover/rights issua speculation surrounding BAT led to renewed talk of potential corporate moves in the UK composite and life sectors. Guardian, up one penny at of FTSE-100 stocks to close up on the session after speculators decided it could be a prime target for attack.

Graham Group, the builders merchants hived off by BTR, made a scintillating market debut. Offered for sale at 183p. Graham opened at 197p, mar-ginally above most expectations, and touched 2031/2p before easing to 202p by the close. Volume reached 34m shares, easily the heaviest indi-

vidual turnover in the market. Chemicals group Laporte were firmer after appounding full-year profits of £107.4m, up from £86.6m last time. However the stock ticked back with the market to close 20 off at 794p on uninspired turnover. Hoare Govett raised its recommenda-tion from hold to buy,

Reuters lost much of Monday's gain, sliding 56 to 2103p. Results at the high end of some expectations sent marketing services group WPP up 2 to 125p. S.G. Warburg forecast that WPP would "exhibit 25 per cent average eps growth between 1992 and 1996".

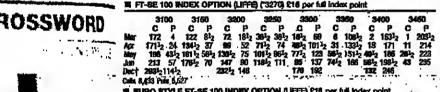
News of losses at USAir in which British Airways has a 24.6 per cent stake left shares in the UK carrier off 11 at 419p. after trade of 6.3m. Shares in Williams Holdings

put on 8 to 409p, with Morgan Stanley said to have had a big buyer of the stock. MARKET REPORTERS: Christopher Price,

Joel Kibazo, Peter John, Steve Thompson.

M Other statistics, Page 33

ales drive



ROSSWORD

Jun 192<sup>1</sup>2 60 180<sup>1</sup>2 125<sup>2</sup>2 130 172
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\* Local dated exply months.

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FT-SE 100 FT-SE Mid 250 FT-SE Mid 250 ex Inv Trusts FT-SE-A 360 FT-SE SmallCap FT-SE SmallCap ex Inv Trusta FT-SE-A ALL-SHARE FT-SE Actuaries Ali-Share

18 MINERAL EXTRACTION(18)
12 Extractive industries(4)
15 Oil, integrated(3)
18 Oil Exploration & Prod(11) 20 GEN MANUFACTURERS(264) 21 Building & Construction(31)
22 Building Matts & Merche(30)
23 Chemicats(20)
24 Diversified Industrials(16) 24 Onersined incusmissarios 25 Electroric & Elect Equip(\$4) 26 Engineering(72) 27 Engineering, Vehicles(12) 28 Printing, Paper & Polig(27) 28 Textiles & Apperei(22) 30 CONSUMER GOODS(83)

S1 Browertes(17)
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83 Food Manufacturers(23)
34 Household Goods(12) 36 Health Care(20) 37 Pharmaceuticals(10) 38 Tobacco(1) 40 SERVICES(218) 40 BERVICES(218)
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42 Leisure & Hotele(22)
43 Media(37)
48 Retailers, Food(17)
48 Retailers, General(43)
48 Support Services(40)
49 Transport(16)
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Additional information on the FT-SE Actuarios Share indices is cutdished in Seturday Issues. Lists of constituents are evaluate from The Financial Times. Limited, Orm Setablyant Bridge, London SE1 6Hs. The FT-SE Actuaries Share Indices Service, which cover a range of electronic and paper-based products trialing to these indices, is evaluate from FireSTAT at the service address. The FT-SE Med 250, FT-SE Actuaries 300 and the FT-SE Actuaries indices to the fire of the fir

Boddington attracted speculative interest on talk that Whit-**EQUITY FUTURES AND OPTIONS TRADING** challenge the 3,300 level. But

interest fizzled out at 3,299

leading US house reversed

and a selling order from a

the initial advance, leaving March to drift lower. Further selling after the release of industrial and manufacturing production figures dampened hopes of a reduction in interest rates. However, it was the reversal In German bonds and the early falls in New York that brought the heavy self-off in March in the afternoon. it closed at 3,249, down

46 from the previous close and at a 12-point discount to its fair value premium to cash of about minus 8. was 13,632. In the Liffe FT-SE Mid 250, volume in June exceeded ." that in the March contract,

which closed at 3,290. March

traded 105 lots, against 200

3076 3125 3176 3226 3275 3325 3375 3425 177 3 131 6 85½ 13½ 50½ 27½ 25 50½ 9½ 84½ 3 129½ 1 175½ 191½ 18½ 191½ 29½ 116 43½ 35 30 87 40 117 25 15½ 14½ 181 180 50 192½ 61 131½ 97½ 191½ 149 51 214 201 201½ 89 1 100½ 125½ 1 30 172 89½ 229 in June. On the OMLX, 9 lots were traded in the March Mid 250 and it closed at Liffe traded options saw volume of 32,399 contracts, of which 14,748 were dealt

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	1656.4				1647.3		3.54		22.19		1247.02	Hitedown
	026.60				2020.93		2.73		36.87		1541,85	PARISCIOWN
	007.87				2003.61		2.86				. 1529.86	ACRT .
-	648.20	-1.0	1004.55	1003.28	1639.98	1435.08	. 3.48	6.35	22.83	5.13	1202.81	Johnson Matthey
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Ċ		Day's	**** =			Year	DIV.	Earn	P/E	Xd adj.	Total	Kingtisbert Kwiit Seve
^	Apr 6	CITQ 071	Mar 7	Mar 4	Mar 3	ago	yleid%	yioki%	ratio	ytd.	Heturn	Ladbroker† Land Securities†
2	556.92	-1.0	2582.58	2558.13	2539.33	2154.18	3.53	· 4.87	25.39	4.90	900,32	Lenors
36	943.33	-0.4	3961.18	3905.48	3689.75	3279.70	3.18	4.63			1061.18	Legal & General
	469.12	-1.1			2451.18		3,85	5.03	24.70		984.82	Lloyds Abbey Lloyds Bankt
_1	849.72	-23	1892,82	1899.07	1665,24	2143,16	3.23	3.88	38.09	0.00	1048.88	Lloyde Benkt LASMO
2	145.96	-04	2154.49	2138.93	2124.98	1752.20	3.44	3.73	34.28	4.39	1084.28	London Elect. London
	494.52				1504.40		2.37	1.30	80.001		1144,99	Lucas
	265.15				2260.65		6.11	2.58	63.32		1037.87	MEPC†
	411.55				2409.71		3.83		27.08	0.82	1036.41	MPI
	088.30				2071.08		4.24	4.24	30.61	10.94	1043.11	Merta & Spencer Midlands Bect.
	111.95		2115.22	2097.40	2085.35	1868.90	3.49	5.75	21.14		1004.20	Midlands Elect. Modison (Win.)
	970.86	-0.3			1936.84		277	2.93	46.38		110238	MECT.
	387.01	-0.6			2384.87		4.36	3.11	42.65	0.29	1122.13	NFC† NatWest Bank†
3	040.26				2874.89		2.67	4.06	29.79		1168.00	National Power†
11	919 <u>.77</u>	0.5	1928,50	1920.30	1908,66	1893.70	3.41	5.12	24,45	1.32	1067_B5	North West Water
25	888.14	-18	2940.39	2940,41	2902.06	2940.40	3.95	7.02	18.75	13.47	965.62	Northern Elect.
	263.56				2263.72		4.03	7.60	18 13	9.84	991.83	Northern Foods†
	121.13				3132.56		3.39	5.87	19.89	19.93	1022.72	Peersont
	388.66		2405.97	2399.85	2399.16	2516.70			16.80		972.52	PAOT
	809,05	-0.8			2841.40		3.05		17.73		981.01	Plikington PowerGent
18	320.09				1835.02		2.97	5.23	22.84		1031.37	ProverGent
	086.70				3093.95		4.07	7.43	15.69		956.58	RIACT
35	338.88				4005,79		5,11	8,08	14,43	0.00	848.24	Recei
21	100.40	-0.6	2118.57	2102.63	2083.80	1835,70	2.79	5.28	23.02	4.12	1011.62	Recidit & Coleman
	97.99	-0.7			3104.18		2.74	4.87	24.82		1047.12	Recland
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	296.34				3219.58		1.90	3.95	30.20		1123.12	Partoid?
	38.86				1509.89		3.77	9.75	12.74		961.68	Role Royce† Ryl Bk Scotland†
	751.52				1737.87		2.72	5.29	23.69	4.18	916.30 1047.78	Ryl Bk Scotland
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24	488.95				2482.65		4.01	7.01	17.62		930.87	Scottists Power's
	347.38				2400.02		3.53		11.65		948.07	Secret Sedgwick Seeboard
	083.90				2103.46		6.74		-		920.72	Seeboard
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16	370.08	+0.8	1858.00	1865.86	1862.50	1800.00	4,94	13.59	8.85	3.48	899.76	Shell Transport
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927 1,800 3,100 1,800 1,

 City of London Properties.

uary and February Mr Graham Stanley at Gold-

(\*127 ) Liseau In (\*216 )

P & D (\*685 ) Pladington (\*192 ) Prudential

Prudentini (\*325 )

(1607 ) Williams

Option

| Hilledown (\*178 ) | Lowbo (\*157 )

LOWS FOR 1993/94

MEW HIGHS 803.

BREDVERHEE (1) Gibbs Mars, BLDG MATLE & SCHOTS (6) GFT, Terroso, CHEMICALS (0) BAST, Noscher, DISTINEUTIONS (9) Evens Habitary, Hoscher, DISTINEUTIONS (9) Evens Habitary, Hoscher, DISTINEUTIONS (9) Evens Habitary, Handler, PCT, DiVersitiFIED BROLS (1) Coolegor, SLECTIFOR DESCRIPTION (9) Fencer, Livrand, Morris Anthy, Radiant Mats, Wagon Indi, BNG, VIBRICLES (1) Voltameger, EXTRACTIVE BROS (9) Anglo Pedice Res., Caledoria, Corp., Inspirini Fisa, NSM, Niugloi, Watts Blein, POOD MANUF (0) Devision SS, Kery A, MISURANCE (1) Domestic & General, UNVESTMENT TRUETS (8) Falchairs Euro. Smaller, Macritius Pard, SWYSTMENT Coolegan, LESURE COMPANIES (1) J.F. Fiedgeling, Jepen, LESURE A HOTELS (0) Berd & WAT A, Ritch Cognilhation, MEDIA (9) Johnston Press, Metal Bulletin, Metal (9) Johnston Press, Metal (9) Johnston, Metal (9) Johnston Press, Metal (9) Johnston, Metal (9) Johnston, Metal (9) Johnston, Metal (9) Belon, Metal (9) Belon (9) Belon, Metal (9) Belon, Metal (9) Belon 
areas of value for investors. But with the uncertainties in the bond market, we remain cautious in the short term." Among the leading stocks British Land fell 21 to 414p, MEPC 17 to 488p and Land Securities 17 to 703p. A trade press report that Air

France might listen to offers for its Meridien hotel chain prompted speculation in the market that Forte may be one man Sachs said: "The recent interested party. The UK

May Aug Nov May Aug Nov

260 17 21 25% 6 10% 14 280 7 11% 18 16% 21 24% 120 15% 21% 25% 6 13 16

200 22% 29% 38% 5% 10% 18 220 9% 17% 28 15 20% 28

650 57% 77% 86 13 27% 41% 700 27 50% 81% 34% 52% 68 180 19 25 29 5 10% 12% 200 8% 14% 16% 15 20% 22% 300 29% 35 38% 7 11% 17 330 16% 16% 24% 25 29 32%

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Natl Power 460 1714 32 46 634 20% 29 (\*458 ) 000 2 1314 24 32 4514 51

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### 196p, was one of only a handful

LONDON EQUITIES RISES AND FALLS YESTERDAY British Funds ... 691 1545 480

TRADITIONAL OPTIONS

Calis: Albert Fisher, Aminex, Avesco, Beauford, Birkdale, Carliele Grp, Coverdele Chennel Hidge, Elevick, Globel Grp, Henson Who, Kunkok, Microvitec, Milwell Mowlem (J.), Pacer Systems, Signet, Stermin, Sunleigh, Vickers, Vodefone, Euro-densy, Puts: Aminex, Mowlem (J.). Puts & Calis: Elevick, Hillsdown Hidge, Kunkok, Microviteo, Sturge. LONDON RECENT ISSUES: EQUITIES

price paid cap 1993/94
p up (Em.) High Low Stock price Net Div. Grs P/E p +/- div. cov. yid net price paid cap 1883/84
p up (DrL) High Low Stock

140 F.P. 282.1 178 183 Alpha Alports
- F.P. 1.18 6½ 1 1 \*\*Care UK Wrts
1105 F.P. 243.8 118 114 Colorostate
150 F.P. 101.3 149 148 Chirocolence
124 F.P. 24.3 188 148 Chirocolence
150 F.P. 6.72 173 108 Comp Pin Sol
50 F.P. 137.2 50 47 Edin New Tiger
50 F.P. 137.2 50 47 Edin New Tiger
100 F.P. 2.04 102 95 Flenking Japan C
170 F.P. 254 102 95 Flenking Japan C
170 F.P. 74.1 170 185 Goldsborough Hith
183 F.P. 231.8 203.2 155 130 Finelist
- F.P. 5.07 29½ 18½ Do Warrants
100 F.P. 67.0 103 94 Herald Inv Tst
- F.P. 6.50 52 45 Do Warrants
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- F.P. 38.0 49 37 Do Warrants
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- F.P. 38.0 49 37 Do Warrants
110 F.P. 35.2 120 106 Farmigan Hr1 C
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100 F.P. 41.9 96 98 Sarebon Value
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1 Interoduction. \$ Piscing price. F.P. Hith-poid secusity. For as the Guide to the London Share Service. 174 +1 RN4.03 22 28 18.9 5 114 -1 RN1,91 2.9 2.1 16.7 

RIGHTS OFFERS Ctosing price p High Low Stock 11/3 11/4 14/4 14/4 -25/3 13/4 21/3 3pm Beauford
11pm Burlord
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5pm Creaton Laod
10pm Firth (GM)
33pm //Groavenor in 20 Nii 92 Nii 44 Nii 42 Nii 18 Nii 12 Nii 120 Nii 5pm 13pm 3pm 8pm 3pm 13pm 40pm -1<sub>2</sub>

FINANCIAL TIMES EQUITY INDICES Mar 8 Mar 7 Mar 4 Mar 8 Mar 2 Yr ago 'High 2569.0 2584.4 2563.9 2540.2 2531.8 2294.0 2713.8 2124.7 3.62 3.68 3.62 3.56 3.68 4.25 4.52 3.48 4.91 4.76 4.61 4.66 4.91 6.94 6.36 3.62 22.45 22.45 22.24 22.18 21.04 33.43 19.40 23.53 23.73 23.73 23.18 23.04 19.39 30.80 15.14 Ordinary Share 20 Ord. civ. yield Eam. yid. 96 full P/E ratio net P/E ratio nil

Open 9.00 16.00 11.60 12.00 18.00 14.00 15.00 16.00 High Low 2585.5 2579.0 2578.8 2582,7 2573.6 2569.1 2570.5 2588.5 2562.3 2588.9 2559.0 Mar 6 Mar 7 Mar 4 Mar 3 Mar 2 Yr ago SEAO bergains Equity turnover (Emit) Equity bergainst Sheres traded (mit)† 33,609 31,928 25,882 27,428 - 1249,6 1444.7 1411.9 - 34,406 29,547 30,923 - 469,9 521,3 671.9

600 87 80 78 7 2014 28 660 23 3814 47 27 45 5114 500 21 4414 57 214 31 3014 550 614 23 3414 5416 6114 58 380 23 2714 32 614 1314 17 280 7 12 1714 2214 31 34 FT GOLD MINES INDEX

Mar 15 chg Mar Mar Year Street div 62 week 7 on day 4 3 ago yield 15 Mgh Low III. Beginnst Indicag 2550.32 +0.3 2540.64 2571.40 1329.46 5.16 2345.00 +1.0 2321.00 2360.04 1185.05 1.56 1573.68 -1.1 1592.73 1693.81 1121.18 0.58 Africa (15) Australosis (3) North America (11)

Copyright, The Financial Times Limited 1884. Against in brackets show number of companies. Basis US Dollers, Basis Va Predecesor Gold Mines Index: Mar 8: 204.5; day's change: -1.5 points; Yes

2013.89 1164.72

Role-Royce 180 211/2 251/2 25 41/2 8 121/2 (\*177 ) 100 9 15 191/4 13 171/2 211/2 (177) 100 9 15 19% 13 17% 21% Underlying security price. Premiums shown are based on closing other prices. March 0 Trols contracts: \$1,578 Calls: 18,609 Puts: 19,789 "For 1963/94. Ordinary Share Index since of F7 Ordinary Share Index base date 1/7/35.

70 FRANCIALS(105)
71 Gents(10)
73 Insurance(18)
74 Life Assurance(8)
75 Merchant Banks(5)
77 Other Financial(25)
79 Property(40)

Open 9.00 3314.0 3302.3 3296.4 3938.4 3938.3 3636.3 1677.2 1672.7 1670.1

Time of FT-SE 100 High 8.35em Low 4.29pm E FT-SE Actuaries 350 Industry baskets

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20.1 Brit Polynison (A)

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P/E 86.6 Miled London Miles Slape Or Ref P/ - Angle Rt James - Angle Rts Top Top D - Stage Or P/ - Andle Reso - All

\* 'T.|||||| 

Call 071-879 4378 (+44 71 873 4378,

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FT Cityline Unit Trust Prices are avail	Sable over the telephone. Cell the FT Citylin	FI MANA  se Help Deak on { 071 } 873 4378 for more details.	GED FUNDS SERVIC	·E	and Carry Ant Other our Ten
AUTHORISED UNIT TRUSTS		hat Cane Sai Other our Yeal Cate Cane Cate Cane Cate Cate Cate Cate Cate Cate Cate Cat	Mars Ltd (2400) Largert Unit Tel Magra Ltd (1200)	hat Come and other or Year Chings when who were selected to the ching of the chings with the chings of the chings	Description
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FINANCIAL TIMES WEDNESDAY MARCH 9 1994  FT MANAGED FUNDS SERVICE	33
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#### CURRENCIES AND MONEY

**MARKETS REPORT** 

# Markets take a breather

The Spanish peseta was under pressure yesterday after Mr Pedro Solbes, the economics minister, said Spain would not be able to meet the Maastricht convergence criteria for ecocomic union, writes Philip Gowith

The peseta fell to Pta 82.33, down from Pta 81.89 on Monday, after Mr Solbes said Spain would be unable to reduce its public deficit to three per cent of GDP by 1997 - a condition laid down by the Maastricht treaty for monetary union.

The news was hardly e surprise, hut it was enough to dampeo sentiment on a day when markets were stricken by a near paralysis of inactivity. Mr Nick Parsons, chief economist at CIBC, said a "very large magnifying glass" was required to discern signs of life

Mr David Barrett of NatWest Treasury commented: "The foreign exchange market doesn't have too many ideas of its own. It is looking for some sort of outside impetus to give it direction." The calm in foreign exchanges also reflects a return to stability in bond markets after the turmoll of last

The main currency crosses were all stuck in very narrow trading ranges. Dollar/D-Mark traded in the DM1.7125 to DM1.7190 range; Sterling/Dollar in the \$1.4865 to \$1.4915 rauge and Dollar/Yeo in the Y104.98 to Y105.51 range.

Sterling failed to gain sup-port from figures showing British industrial production and manufacturing to be stronger than anticipated in January. It finished weaker in Loudon against the dollar at \$1,4875 from \$1,4906 on Monday.

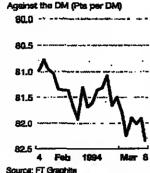
■ The Spanish economics minister's comments unsettled the Spanish bond markets and pushed yields higher. With e close relationship between the currency and bond markets, this weakness spilled over into

Analysts said there was perhaps also an element of delayed reaction to last week's 50 basis point cut by the Bank of Spain in its key money rate. The market also clearly believes that the Spanish government is keen to cut rates to

**EXCHANGE CROSS RATES** 

(BFr) 100

CROSS RATES AND DERIVATIVES



1.4875 1.4855 1.4829 1.4778 1,4900 1,4880 1,4855 1,4805 stimulate the weak economy.

Also weighing on seatiment was the announcement by Moody's, the credit ratings egeocy, that it might downgrade the paper of Banco Central Hispano.

Mr Chris Turner, currency analyst at BZW, said this had reminded the markets of the problems of another leading Spanish bank, Banesto, which ran into trouble in December.

■ UK economic data releases showed industrial production. up by 0.8 per ceat, in January for a year-on-year four per cent increase, and manufacturing output up 1.1 per ceat from

Sterling, however, gained no support from this and ended the day at DM2.5516, e pfennig down on Monday's close. Most of this weakness came in a spate of late afternoon selling.

Mr Mark Austin, treasury economist at Midland Global Markets, said the "slight rumblings" about prime minister John Major's leadership had been a negative. "The leadership talk has focused people's minds on the political prob-lems that might occur later in the year."

Mr Turner said sterling appeared still to be suffering from the negative fall-out that followed last month's rate cut. Many in the market chose to interpret that easing of policy as indicating a government view that sterling should not

1.988 1.048 1.204

0.409 1 0.042 0.364 0.946 0.396 0.497 0.678 0.468 1.044 0.518 0.702 6.871 0.762

4783 2522 2697

5.456 2.877 3.304

1,123 2,744 0,114 1 2,693 1,092 1,364 2,410 2,865 1,420 1,925 18,31 2,172

21.04 11.10 12.75

4.330 10.58 0.440 3.857 10 4.213 5.259 9.294 5.186 11.05 5.478 7.426 70.61 8.378

499,4 263,4 302,5

102.8 251.2 10.44 91.55 237.4 100. 124.8 220.6 122.7 262.3 130.0 176.3 1676 198.9

4,869 2,563 2,943

2.444 0.102 0.891 2.310 0.673 1.215 2.146 1.194 2.552 1.715 18.31 1.935

18.51

6.706 10

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18.98

3,902 6,539 0,396 3,476 6,013 3,797 4,740 8,376 4,658 9,959 4,938 6,683 63,64 7,550

be allowed to rise too high on a trade-weighted basis.

■ The D-Mark was fairly ateady ahead of today's repo announcement when the Bundeshank will announce the terms at which it is prepared to put money into the system Banks are expected to have hid lower rates, encouraged by the view that the Bundesbank will continue easing credit.

The lowest rate at today's allocation is expected to be in the 5.90 per cent to 5.95 per cent range. Last week the Bundesbank switched to a variable rate repo for the first time since mid-November.

It had been setting tenders at a steady fixed rate of six per cent since December. The central bank allowed the repo rate to fall by 3 basis points to 5.97.

■ The dollar traded quietly ahead of today's German repo announcement. It finished slightly firmer against the D-Mark at DM1.7155 from DM1.7184. Compared to the yen it finished slightly lower at

Y105.225 from Y105.850. Affecting the dollar's fortunes is the view that, on the one hand, the Bundesbank will only cut rates cautiously. On the other, although there is lit-tle dispute that the next move in US rates will be up, the timing of this is less certain. Mr Parsons argues that hav-

ing destabilised markets with its last move, the Fed will be anxious to evoid a repeat per-formance when it next tightens. This may require a more ■ The Bank of England did not

operate in the early morning

round yesterday after forecast-

ing a liquidity shortage of £800m in the UK money mar-In the afternoon the Bank put £93m into the market through bill purchases at the established rate of 5% per cent. It provided £515m of late assis-

Mar B	2	5
Hungary	153.999 - 154.200	103.560 - 103.660
kan	2605.00 - 2611.00	1748.00 - 1750.00
Kuwait	0.4435 - 0.4444	0.2982 - 0.2987
Potend	32809.2 - 32820.2	22060.5 - 22061.5
Purmia	2513.86 - 2531.73	1090.00 - 1702.00
HAC	E 1004 C 1077	2 17150 2 0720

400.0 211.0 242.3

82.33 201.2 8.364 73.33 190.1 80.10 100. 178.7 210.1 104.2 141.2 1342 159.3

22.64 11.94 13.71

4.659 11.39 0.473 4.150 10.76 4.533 5.659 10 5.561 11.89 5.895 7.991 75.97 6.014

4.071 2.147 2.466

0.838 2.048 0.085 0.746 1.935 0.815 1.018 1.798 1 2.138 1.060 1.437 13.66 1.621

Change +0.0039 +0.0040 +0.0038

-0.03 -0.07 -0.08 -0.10

-0.09 -0.14 -0.13 -0.15

-0.01 -0.02 -0.02 -0.03

-0.01 -0.03 -0.03 -0.04

+0.01 +0.03 +0.03

+0.03 +0.02 +0.05

Jun 0.63 0.32 0.15

Jun 0.48 0.26 0.10

0.17 0.02 0.01

0.20 0.03 0.01

95.94 96.20 96.22 98.12

Sett price 93.72 94.10 94.30 94.41

Latest 96.13 95.71 95.34

High 0.9505 0.9543 0.8587

High 94.20 94.60 94.86 95.00

91.80 92.15 92.35 92.46

High 95.96 96.24 96.26 96.20

High 98.14 95.72 95.35

96.14 96.72 96.36

Sep 0.81 0.59 0.40

Sep 0.52 0.33 0.16

96.13 96.68 96.31

96.13 96.68 95.31

Mer 0.01 0.11 0.35

Mar 0.01 0.09 0.32

PUTS Jun 0.01 0.05 0.13

Jun 0.03 0.06 0.16

Sep 0.03 0.08 0.12

Sep 0.05 0.11 0.21

ECU FUTURES (LIFFE) Ecu1m points of 100%

1.904 1.004 1.153

3.840 2.025 2.326

0.790 1.932 0.080 0.704 1.825 0.769 0.960 1.696 0.943 2.017 1 1.356 12.89 1.529

2.833 1,494 1.716

0.563 1.425 0.059 0.519 1.347 0.567 0.708 1.251 0.696 1.488 0.738 1 9.508 1.128

1.4880 1.4838 1.4830

298.0 157.1 180.5

61.32 149.9 6.230 54.62 141.6 59.56 74.49 131.6 73.20 156.5 77.59 105.2 1000.

Est. vol Open Int. 3676 23752 4377 26157 933 6751 918 4060

2.511

1.324 1.521 0.517 1.263 0.053 0.460 1.194 0.503 0.628 1.109 0.617 1,319 0.654 0.886 6.428

#### POUND SPOT FORWARD AGAINST THE POUND 17.9572 52.5669 9.9674 17.9510 0.2 52.5669 -1.1 9.9521 -0.9 -0.0567 542 -0.1709 833 18.0297 17.9496 52.7324 52.4833 0.3 -1.0 -0.1709 833 - 604 52.7324 52.4833 52.5669 -1.0 52.6669 -1 1.0435 2512.38 52.5219 2.8646 11.0548 262.312 210.110 64.2 76.1 118.6 61.0 11.8914 2.1375 (Peso) (Cr) (C\$) (Peso) (\$) -0.0034 842 - 877 +13.74 959 - 996 -0.0089 159 - 173 +0.0121 304 - 469 -0.0031 872 - 377 1.4901 1042.00 2.0252 4.8363 1.4913 1024.C0 2.0157 4.8328 1.4870 2.0229 2.0178 (AS) (H(S)) (H(S 2.0739 11.4958 -0.024 931 - 984 -0.1044 460 - 991 -1.263 439 - 595 -0.0074 482 - 510 -0.0014 775 - 805 -0.0498 236 - 561 11 5240 11 4892 45,7820 45,6320 157 510 156,439 4,0570 4,0438 2,5848 2,5709 48.6576 156.517 4.0486 2.5791 41.0909 5.5771 2.3562 5.1827 6.8311 1202.24 39.3206 -0.0014 775 - 806 -0.0498 236 - 561 -0.0128 758 - 784 -0.0061 550 - 573 -0.0162 807 - 846 -0.0853 225 - 397 -2.17 166 - 281 -0.0087 087 - 348 -0.1095 262 - 686 is n the Pound Spot subtice. -- Stering notice estimates 41,5160 40,8236 5.5918 5.5739 2.3621 2.3550 5.2043 5.1748 6.9122 6.8019

			Change	Bld/offer	Day's	- malet	One mo	_	Three mo		One ye		P Morger
Mar 6		Closing mid-point	on day	spread	h:gh	low		%PA		%PA	Rate	%PA	Index
Europe													
Austria .	(Sch)	12.0750	-0.0125	725 - 775	12,1070	120475	12.0952	-20	12.1225	-1.6	12,148	-0.6	102.7
Selgium	(EF)	35.3100	-D.D4	900 - 300	35.3900	35 2880	35.39	-27	35.515	-23	35.845	-1.5	103.B
Denntark	(DKr)	6.6950	-0.0075	925 - 675	6.7140		6.71	-2.7	6,731	-22	6.7775	-1.2	103.4
inland	(FM)	5.5366	-0.0032	316 - 416	5.5626	5.5260	5.5418	-1.1	5.5498	-1.0	5.5868	-0.5	76.7
Tence	(FFr)	5.8289	-0.0076	275 - 302	58477	5.8200	5.8432	-2S	5.8635	-2.4	5.9032	-1.3	104.5
Sermany	(0)	1.7155	-0.0029	152 - 157	1.7210	1.7135	1.7192	-2.6	1.7242	-20	1.7314	-0.9	104.0
Sreece .	(Dr)	248.600	+0.15	500 - 700	249,990	248.050	25 <u>2 25</u>	-17.6	259.1	-16.6	287.6	-15.7	71.2
reland	(20)	1.4255	-0.0034	240 - 270	1.4312	1,4240	1.4222	2.8	1.4171	24	1,402	1.6	-
laly	(L)	1689.05	+0.12	630 - 980	1693.25	1687.92	1696.C5	-5.0	1708.05	-4.5	1748.05	-3.5	78.3
uxembourg	(LFr)	35.3100	-0.04	900 - 300	25.3900	35.2820	35.39	-2.7	35.515	-23	35.845	-1.5	103.8
Vetherlands	(FI)	1.9258	-0.0026	253 - 263	1.9353	1.9235	1.9288	-1.9	1,9326	-1.4	1.937	-0.6	103.2
torway	(NKr)	7.4320	+0.000B	295 - 345	7.4585	7.4290	7.4402	-1.3	7.453	-1.1	7.4595	-0.4	94.6
ortugal	(Es)	176.350	+0,8	200 - 500	176.550	175.770	177.29	-6.4	178.95	-5.9	184.2	-45	93.1
pan	(Pta)	141.255	+0.495	230 - 280	141.350	140.760	141 855	-5.1	142.85	-4.5	146.255	-3.5	80.0
weden	(SKI)	7.9945	-0.0008	908 - 981	8.0303	7.9808	6.0188	-3.6	8.058	-3.1	8.157	-2.0	81.5
Witzerland	(SFr)	1,4370	-0.0017	365 - 375	1,4399	1.4335	1.4377	+0.8	1.4377	-0.2	1,4295	0.5	105.1
JK .	(E)	1.4875	-0.0031	872 - 877	1.4913	1,4870	1.4855	1.6	1,483	1.2	1.478	0.8	90.1
cu	_	1.1277	+0.0006	272 - 282	1,1297	1,1247	1,1249	3.0	1_1203	2.6	1.1097	1.8	-
DR+	_	1.39362	-	-			-	-		-		-	•
mericas													
rgentina	(Peso)	0.9990	-0.0002	980 - 000	1.0000	0.9980		-		•			
Brazil	(Cr)	699,035	+10.7	630 - 640	693,100	699.030		-					-
anada	(CS)	1.3558	+0.0031	559 - 560	1 3583	1.3555	1.358	+0.2	1.3566	-0.2	1.3606	-0.4	85.3
Aexica (New	Peso)	3.2530	+0.015	480 - 580	3,2580	3.2460	3.2548	+0.6	3.2574	-0.5	3.266	-0.5	-
ISA	(5)	-						-				•	101.4
acific/Middle		lfrica											
untrafia	(AS)	1.3942	+0.004	937 - 947	1.3966	1.3868	1 2952	-0.9	1.3981	-1.1	1,4056	-0.6	88.7
long Kang	(HKS)	7.7285	+0.0002	280 - 290	7.7299	7.7280	7 7292	+0.1	7,7332	-0.2	7.752	-03	-
netia	(Re)	31,3675	-0.0038	650 - 700	31,3700		31.4325	-25	31 5675	-26			-
apan	(M)	105.225	-0.625	190 - 260		105 070	105,11	1,3	104.6	16	103.025	2.1	146.0
Aalaysia	MSI	2.7225	+0.0008	220 - 230	2,7230		27165	2.8	2.7	3.3	2,7725	-1.8	
lew Zealand	(NZS)	1.7339	+0.0027	331 - 346	1.7346	1.7220	1.7355	-1.1	1.74	-1.4	1.7542	-1.2	
	(Peso)	27,6250		500 - 900									-
audi Arabia	(SR)	3,7495	-0.0005		2.7498	3.7492	3 75:9	-08	3.7563	-0.7	3.775	-0.7	
ingapore	(55)	1.5840		835 - 845	1.5954	1.5830	1,584	00	1.584	0.0	1.6075	-1.5	_
Africa (Com.)		3.4843		836 - 850	3,4355	3,4720	3,4988	-4.9	3.5276	-5.0	3.6248	-4.0	_
Africa (Fin.)	(19)	4.5925		875 - 975	4.6400	4.5650	4.6235	-8.1	4 6875	-8.3	5.02.40		_
outh Kerea	(Won)	808,250		000 - 500	809,400		611.25	-4.5	814.75	-32	833.25	-3.1	_
		26,4350		200 - 400		26.40CD	26.5375	-4.7	26.685	-3.8	040.60	-3.1	_
aiwan hadand	(TS)	25.3100		000 - 260	25.3200		25.38	-3.3	25.52	-33	25,66	-1.4	•

#### EMS EUROPEAN CURRENCY UNIT RATES Change on day 0.790853 +0.002589 -2.20 15 0.808628 5.57 -1.05 -0.72 -0.90 0.60 1.63 2.64 3.24 1.94964 40.2123 6.53883 7.43679 154.250 4.00 4.18 2.62 1.59 0.59 39.8517 6.57835 7.55770 158.328 -0.0352 -0.0045 -0.00346 -0.341 +0.849 MON ERM A Greece Italy UK MBERS -2.61 -2.92 7.18 264,513 1793.19 0.786749 6.02 6.35 -3.68 +3.35

Strike		- CALLS -			- PUTS -	
Price	Mar	Apr	May	Mar	Apr	May
1.400	8.70	8.57	8.56	0.02	-	0.16
1.425	6.25	6.25	6.42	0.02	0.11	0.44
1.450	3.76	4.03	4.47	0.02	0.44	0.96
1.475	1.43	2.35	2.85	0.08	1.14	1.82
1,500	0.09	1.12	1.77	1.22	2.41	3.08
1,525	-	0.45	0.82	3.50	4.18	4.76

LONDON MO	Over-	7 days	One	Three	Sbx	One
	night	notice	month	months	months	year
Interbank Sterling	612 - 5	54 - 5	5& - 5&	5½ - 5	5 <sup>1</sup> 8 - 5	54 - 5
Sharling COs		54 - 5th		6싫 - 5싫	5,3 - 5,3	54 - 5
Treasury Billia	-		433 - 44	44 - 44		
Bank Bills	-	-	433 - 472	413 - 476		-
Local authority deps.			512 - 514	54 - 64	5% - 5%	5 <sup>1</sup> 4 - 5
Discount market deps.	54 - 54	54 - 54	-	-		-
UK clearing bank base	tending rati					
UK clearing bank base	tending rati	Up to 1	1-3	3-8	6-8	9-12
		Up to 1 month	1-3	3-8 months	6-8 months	month
Certs of Tax dep. (E10	0,000)	Up to 1 month	1-3 month	3-8 months	6-8 months	
Certs of Tax dep. (E10 Certs of Tax dep. under it Ave. lander rate of disco.	0,000) 0,000 to 1	Up to 1 month 1 <sup>1</sup> 2 laps. Deposit ECGO fixed	1-3 month 4 s withdrawn rate Stio, Exe	3-8 months 3-4 for cash 4-po cont Finance.	6-6 months 33,	month 3 <sup>1</sup> 2 Pobrusty
Certs of Tax dep. (E10 Certs of Tax dep. under 8 Ave. lander rate of disco. 1994. Accord size for per	0,000) 2100,000 is 11 int 4,7761pg.	Up to 1 month 1 <sup>1</sup> 2 laps. Deposit ECGO fixed 1994 to Apr 2	1-3 month 4 s withdrawn rate Stig. Exp 5. 1894, Sch	3-8 months 3-4 for cash 4-po cont Finance.	6-6 months 33, Make up day	Month 312 February
Certs of Tax dep. (E10 Certs of Tax dep. under st Ave. lender rate of disco. 1994. Agreed size for par partod Fob 1, 1994 to Fe	0,000) 2100,000 is 11 int 4,7761pg.	Up to 1 month 1 <sup>1</sup> 2 laps. Deposit ECGO fixed 1994 to Apr 2	1-3 month 4 s withdrawn rate Stig. Exp 5. 1894, Sch	3-8 months 3-4 for cash 4-po cont Finance.	6-6 months 33, Make up day	Months 3 <sup>1</sup> 2 February
Certs of Tax dep. (E10 Certs of Tax dep. under 8 Area, tender rate of disco. 1994. Agreed rate for per period Feb 1, 1994 to Fel Mar 1, 1994	0,000) 2100,000 is 11 int 4,7781pg. 10d Mar 28, 1 is 26, 1994, S	Up to 1 month  1 <sup>1</sup> 2 <sup>1</sup> 20c. Deposit ECGD fixed 1964 to Apr 2 charace #/ &	1-3 month 4 is withdrawn rate Sdg. Exp 5, 1894, Sohe V 5.285pc. F	3-8 months 3-k for cash 4-po cont Phance. omes & & N 8 insince House	6-6 months 3 <sup>3</sup> 4 Make up day LSOpc. Refer Bare Rate 6	Pebruary recented from
Certs of Tax dep. (E10 Certs of Tax dep. under 8 Ans. lender rate of disco. 1994. Agreed rate for per period Feb 1, 1994 to Fel Mar 1, 1994	0,000) 2100,000 is 11 int 4,7781pg. 10d Mar 28, 1 is 26, 1994, S	Up to 1 month  112 laps. Deposit ECGD fixed 1964 to Apr 2 chance W &	1-3 month 4 is withdrawn rate Sdg. Exp 5, 1894, Sohe V 5.285pc. F	3-8 months 3-k for cash 4-po cont Phance. omes & & N 8 insince House	6-6 months 3 <sup>3</sup> 4 Make up day LSOpc. Refer Bare Rate 6	Months  312  February nce rate i
Certs of Tax dsp. (210 Certs of Tax dsp. under it Aus. Lender rate of deco. 1994. Agreed case for per parted Feb 1, 1994 to Fel Mar 1, 1994 THERES BEORTH 5	0,000) 2100,000 to 1 1014 4,7761pg. 100 Mer 26, 1 10 20, 1994, S STERSLING	Up to 1 month  112 laps. Deposit ECGD fixed 1964 to Apr 2 chance W &	1-3 month 4 s withdrawn rate Stig. Exe 5, 1984, Sohe V 5,265pc. F (LIFFE) £56 High	3-8 months 3-k for cash -kpc sont Phance. smee & & N & hance House 00,000 poin	6-8 months 334 Make up day 130pc, Refero 9ane Pate 6 das of 100%	3 <sup>1</sup> 2 February mee rate for lape from
period Feb 1, 1994 to Fel Mar 1, 1994 THREE MORITH	10,000) 2100,000 to 1 Int 4,7761po. 10d Mer 28, 1 to 26, 1994, S	Up to 1 month  112 laps. Deposit ECGD fixed 1964 to Apr 2 chance W &	1-3 month 4 s withdrawn rate Stig. Exp 5, 1994, Sche V 5,285pc. F	3-8 months 3-k for cash 4-po- sort Shance, ames & & N 6 hance House 00,000 poin Low	6-6 months 3-4 Make up day 1-50pc. Refers 6ase Rate 6	Month 312 Sebruary sice rate i

	opon		Columbia.	· mga		-	Opon and
Mar	94.89	94.87	-	94.89	94.88	7221	64289
Jun	94.95	94.91	-0.02	94.95	94.59	17245	110351
Sep	94.84	94.80	-0.03	94.85	94.79	11474	63626
Dec	94.65	94.60	-0.05	94.86	94,69	20114	99780
Traded en A	PT. All Open	interest figs.	ere for prev	lous day.			
	eten m	э овтома	A HEED OF	00 mm ~	viete of 100	•	
Strike		OPTIONS	<u> </u>			PUTS	
	STERLIN	CAL	<u> </u>	00,000 ps	Mar		Sep
Strike Price		CAL	LS			PUTS	Sep 0.20
Strike Price 9475	Ma	CAU Jur 0.22	L9	ep 25	Mar	PUTS	-
Strike Price	Mar 0.13	CAU Jur 0.22	LS	ep 25	Mar 0.01	PUTS Jun 0.06	0.20

BASE	LENDING	RATES

Adam & Company 5.25	Duncan Lavrile 5.25	* Rodurghe Guerantes
Allied Trust Stank	Exeter Sprik Limitod 6.25	Corporation Limited is no
AB Benk 5.25	Financial & Gan Sank 6	longer authorised es
OHenry Ansbacher 5.25	●Robert Florning & Co 5.25	a benidng institution. 8
Bank of Barods 5-25	Girobenk 5.25	Flowel Bik of Scotland _ 5.25
Banco Bibbao Vizcaya 5.25	●Guirness Mahon 5.25	Smith & Wilmsn Seca . 5.25
Bank of Oyprus 5.25	Habib Blank AG Zurich . 5.25	Standard Chartered 5.25
Bank of Ireland 5.25	#Hambros Bank 5.25	TSB 5.25
Bank of India 5.25	Heritable & Gen inv Bk. 5.25	CUnited Bik of Kuwait 5.25
Bank of Scotland 5.25	이 Samuel 5.25	Unity Trust Bank Pic 5.25
Bardays Bank 5.25	C. Hoare & Co 5.25	Western Trust 5.25
Brit Bik of Mild East 5.25	Hongkong & Shanghal, 5.25	Whitecurey Laidlaw 5.25
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CL Bank Nederland 5.25	Clacoold Joseph & Sons 5.25	
Otibank NA	Licyds Blank 5.25	<ul> <li>Members of British</li> </ul>
Chydesdale Bank	Meghral Bank Ltd 5.25	Merchant Banking &
The Co-operative Benk. 5.25	Midland Bank 5.25	Securities Houses
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#### MONEY MARKET **FUNDS**

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**AMERICA** 

# Dow eases as airline stocks turn lower

#### **Wall Street**

US share prices were flat to weaker in light trading yesterday morning as stock market investors took their cue from an uninspired bond market, writes Patrick Horverson in

New York
By 12.30 pm, the Dow Jones
Industrial Average was down
4.50 at 3,851.72, but off its low for the session of 3,842.72. The more broadly based Standard & Poor's 500 was also little changed near the half-way mark, off just 0.63 at 466.28, while the American Stock Exchange composite slipped 0.74 to 468.32 and the Nasdaq composite shed 3.29 to 791.76. Trading volume on the NYSE was 159m shares by 12.30 pm.

After achieving impressive gains on Monday - when the Dow climbed 24 points - the stock market was unable to maintain its upward momentum when trading opened yesterday. This was in spite of a firm start for honds, which edged higher in the expecta-tion that the Federal Reserve would not raise interest rates

Analysts said that, in the absence of fresh economic statistics, there was little motivation for investors to buy

Consequently, as soon as bond prices started to decline, turning an early quarter-point gain on the benchmark 30-year bond into a quarter-point loss hy midday, stocks quickly folnounced among Nasdaq issues, primarily because they have outperformed the wider market in recent days and so were due for some kind of sell-off.

Among individual sectors, leading airline stocks were notably weaker after Prudential Securities, the Wall Street brokerage house, towered its 1994 earnings estimates for the five airline companies it covers, citing a new round of farecutting in the industry.

The news left Delta \$1 lower at \$47%, AMR (parent of American Airlines) down \$1% at \$61%, UAL off \$% at \$127%, and Atlantic Southwest (which is traded on the Nasdaq market), \$1% weaker at \$32. The only stock to huck the trend was USAir, which held its ground at \$9, having already suffered from heavy selling on Monday when it issued a profits warn-

Varity jumped \$3% to \$47% in busy trading after the automotive, agricultural and industrial machinery maker announced a surge in fourth quarter profits to \$27m, a result that exceeded analysts'

Some of the bigger cyclical stocks were mixed. Alcoa fell \$1% to \$74%, Minnesota Mining & Manufacturing eased \$1/4 at \$104% hut International Paper put on \$1% at \$73%.

On the Nasdaq, leading tech-nology stocks weakened, with Microsoft slipping \$% to \$80%, Intel easing \$% to \$70% and Apple Computer falling \$% to

Toronto was lower at noon as the market awaited the government of Canada's T-bill tender, which was expected to set a higher Bank of Canada key rate, later in the day.

The TSE 300 composite index shed 18.86 to 4,417.79 in volume of eased 3.70 points to 4432.90 against 35.8 the previous day.

Rogers Communications class B was up C\$1/4 to C\$221/4 ahead of the group's annual meeting later in the day. Rogers said on Monday it would respond a timetable set by the US Federal Communications Commission for its proposed bid for Maclean Hunter.

#### **SOUTH AFRICA**

Industrial atocks stormed to their third successive peak in hectic trade yesterday, taking the index 108 higher to 5,950, as bullish sentiment was driven hy strong demand from foreign investora, notably newly established Sonth Africa funds in the US, writes Matthew Curtin in Johannes-

The industrials sector carried the overall index to a new high of 5,118, up 46 on the day, as major mining financial counters also notched np sharp increases, led by Anglo American, which added R1 at R228.50 for a cumulative R38 advance since Monday last week. The gold shares index,

#### EUROPE

# Weaker bonds unnerve bourses

Bond market weakness troubled a number of bourses, writes Our Markets Staff. FRANKFURT tried to ignore

bunds as it majored in chemicals and banks, but in the end equities had to concede a small defeat. The Dax closed the session 15.1 higher at 2,124.04; this was actually 8.11 down from Monday's post bourse close; and yesterday's attempt at an after-hours rally failed, the Ibis-indicated Dax ending at 2,125.47 after an afternoon peak of 2,140.05.

Turnover climbed from DM9.4bn to DM10bn. BASF rose DM5.70 to DM311 and Hoechst by DM6.90 to DM315.50, respectively gaining DM4.50 and DM2.50 more after hours. Mr Harry Jaarsma of Dresdner Bank in Frankfurt said that dividend cuts of DM2 from both companies compared with consensus expectations of DM3, and that there were strong recovery hopes for the sector from the second half of

Banks lost some of their feryour in the late afternoon but Commerzhank still ended at DM357, after DM361, following a session gain of DM8 to

Expectations, ahead of today's repo tender, were that the rate could come down into the 5.90 to 5.95 per cent bracket, after last week's fall

**ASIA PACIFIC** 

Tokyo

FT-SE Eustrack 200 1458.94 1453.19 1459.80 1458.87 1458.57 1459.46 1461.18 1459.23 FT-SE Eustrack 200 1513.15 1513.00 1514.35 1510.67 1508.77 1511.60 1512.04 1511.18 Nar 4 Mar 2 1460,44 1428.41 1414.85 1393.60 1431 16 1462.08 1489.07

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first variable bid tender for three months.

Housey changes

FT-SE Actuaries Share Indices

PARIS drifted, waiting for the outcome of today's German repo tender. The CAC 40 index fell 3.46 to 2,216.43 and turnover rose slightly to FFr4.3bn.

Suez rose FFr8.20, or 2.4 per cent to FFr349.70 although the companied denied rumours that its insurance subsidiary. Groupe Victoire, was about to he sold, this time to BAT Industries of the UK.

in the retail sector, Carre-four climbed FFr75 to FFr4,145 after producing strong results following Monday's market close. Remy recovered FFr4 of Monday's losses to close at FFr235, following comment that Hong Kong's higher taxes on spirits and champagne were less damaging that bad been

AMSTERDAM saw sellers coming into the market but generally managed to keep at bay the persistent nerves trigMost shares managed to cling on to the sharp gains they made on Monday.

The AEX ended the day 1.85 points lower at 422.91. A significant amount of the action came from US traders, according to one hroker.

KLM took a knock from US selling and fell back 80 cents to Fl 49.70. Conversely. US dealers were keen on Philips and their buying edged up the stock 30 cents to Fl 52.90.

Hunter Douglaa, which enjoyed positive sentiment on Monday, fell back on vague forecasts although results that although were in line with expectationa. Profit-taking and they slid F1 3.10 to F1 87.70. MILAN continued higher but the mood remained tentative ahead of the elections at the end of the month. The Comit

index added 8.24 or 1.3 per cent to 609.23. Pirelli put in a strong perfor-

Taiwan sinks 3.4% as Kuala Lumpur rebounds

mance but analysts said there was no news to account for a rise of L71, or 3.3 per cent to 1.2.211. Benetton added LS99 or 3.5 per cent to L26,728.

The banks saw profit-taking. Credito Italiano shedding L47 to L2,629 and BCl easing L36 to L6,266. Telecoms issues continued higher on hopes that the privatisation programme might be speeded: Sip rose L62 to L4,256 and Stet was L86 ahead

at L4,756. MADRID followed the bond market lower, the general index easing 2.64 to 338.46 in turnover of Pta29bn. BCH fell Pta85 to Pta2,930 on Monday evening's news that Moody's was considering a debt ratings downgrade for the hank.

WARSAW advanced 2 per cent to a record high amid continulng demand for local breweries in which German groups have taken atakes. The Wig index rose 299.6 to 20,760.3 although overall trading was described as subdued.

ISTANBUL alid 3.9 per cent in thin trading with many investors unwilling to take fresh positions due to uncertainties over the outlook for the economy. The composite index fell 582.32 to 14,506.39, for a two-day loss of 7 per cent.

Written and edited by William

# Asea, BBC shares up on rumours

Shares of Asea and Brown Boveri, the founding companies of engineering group ABB Asea Brown Boveri, have surged on the manual pre-press conference speculation that their directors will do the decent thing and order the conversion of their paper into a single nulfied ABB share, writes lan Rodger in Zurich.

This time, the speculation originated in Stockholm, driving the Asea "A" shares up SKr20 to SKr58t on Monday, and by a further SKr6 to SKr587 yesterdny when the Affarsvärlden Index dipped 10.0 to 1,527.6. Zurich arbitrageurs made sarc that BBC bearers followed yesterday, showing n SFr19 rise to SFr1,129 as the SMI index fell 16.23 to 2,902.4.

ABB officials yearn for a single share to bolster the group's multinntional image, but the controlling families

are in no hurry to create one.

The Swedish Wnlichbergs
now cast 33 per cent of the Asea votes with only 20 per cent of the capital, while the Swiss Schmidheinys speak for 14 per cent of BBC with only 4 per cent of the capital. In other Stockholm trading,

Gambro was marked SKr15 lower to SKr399 in reaction to

# Peace talks obstacles trip up the bulls' stampede

Julian Ozanne on Tel Aviv's change in fortunes

fter a bullish run of Avlv Stock Exchanga has entered a period of pessimism and caution as the market goes through a crucial period of adjustment driven by political and economic

Since the boom of early Jan-12.5 per cent decline on the Mishtanim two-sided index of the 100 most actively traded blue chip companies. Tha more speculative Karam index of the smaller capitalised companies has fallen about 27 per cent.

From a high of almost 259 points in mid-January, huoyed by over-optimism about the peace process, the Mishtanim index closed yesterday at 221.11, a fall of 0.6. Analysts predict that the market will take several months to recover. Driving this decline of the market are four major factors:

fear of further increases in interest rates; a general feeling that the market was overbought and making the shares, particularly on the Karam index, seriously overvalued: the exposure of some of the worst insider trading and share price manipulation since the 1983 bank shares scandal; and the political uncertainty surrounding the peace process and the stability of the fragile coalition government.

The market was long overdue for a correction," said Mr David Rosenberg, a market analyst at Pacific Mediterranean investments. "But unfortunately several things came

The conditions for a decline in the market were set last

FT-ACTUARIES WORLD INDICES

December when the central of an investigation by the bank, concerned about meeting an inflation target of 8 per cent for 1994, lifted interest rates to 11.5 per cent as inflation reached 11.2 per cent. Although tha market did not respond immediately, fear of further rata increases has haunted investors. Those fears will have been boosted yesterof an International Monetary Fund report warning of the possibility of further rises



in interest rates to combat

inflation. However, the real decline in the market started in February as hig institutional investors announced that many shares were overvalued, the relation between financial results of companies and their market value was disproportionate, and the market was over-

The movement of many large investors away from small Karam stocks towards larger capitalised Mishtanim stocks coincided with the revelation

Securities Authority of sbare price manipulation by brokers and fund managers and the subsequent arrest of three portfollo managers and the investigation of at least a further six. The impact of both these developments was felt most heavily on the Karam index, where shares were most ily subject to manipulation.

Also, the peace euphoria which characterised trading throughout the August-January period finally ran out as talks with the PLO became bogged down. The massacre of Palestinians hy a Jewish fanatic in Hebron two weeks ago, followed by the suspen-sion of PLO-Israeli talks, delivered a final crushing blow to investor confidence.

"This is a peace market," sald Mr Goldberg, "Everything hinges on that. The future economic development of Israel is contingent on the peace process and the market closely reflects that."

Although recent new issues just about mustered a subscription, poor conditions on the market have led the government to postpone for five weeks the sale of Shikun U'Pituach, a atate-owned property development company valued at Shkibn, until later this

However, many analysts believe the market has swung too low and that the recent decline is only temporary and should be put in the context of tha fact that the Mishtanim index has climbed 785 per cent in the past five years, having weathered four major falls but then quickly recovered.

ously higher on foreign buying. Nissan Motor, the most active issue of the day, dipped Y10 to Y874 and Toyota Motor declined Y10 to Y2,070.

of 99.2m shares.

ground on active buying by domestic financial institutions in the morning session, share prices met large-lot arhitrage selling and profit-taking, leaving the market only marginally higher on the day, writes Emiko Terazono in Tokyo. The Nikkei 225 index closed 86.51 up at 19,898.39 after open-

After gaining substantial

ing at the day's low of 19.826.28 and peaking at 20,090.71 in the early afternoon on activa buying of Nikkel 300 stocks by a UK brokerage

Traders sald profit-taking ahead of the March book closing seemed almost at an end. while some domestic institutions were starting to buy

"The supply demand situation is becoming quite posi-tive," said Mr Nobuhiro Kaneda, general manager of Daiwa Securities' equity divislon. He expects the Nikkei 225 to close the month - the end of the current business year within the range of 19,000 and

Volume totalled 320m shares. against 343m. The Topix index rose 8.22 to 1.616.32, while the Nikkel 300 edged up 1.92 to 298.39. Advances led declines hy 565 to 423, with 197 issues unchanged. In London the ISE/ Nikkei 50 index was 1.31 firmer at 1.339.98.

Mounting concern over the rice shortage prompted speculative huying of foods stocks. Hopes that Japanese consum ers would eat more bread suprted bakery and flour milling shares, with Yamazaki Baking rising Y50 to Y2,190 and Nisshin Flour Milling gaining Y70 at Y1,290.

Frozen food and processed food makers were also firm, with Alinomoto, the leading food company, moving up Y10 to Y1,320 and Nichirei, a large frozen food maker, advancing Y12 to Y719.

Banks, heavily weighted in the Nikkei 300, gained ground, with Industrial Bank of Japan adding Y30 at Y3,280 and Sanwa Bank Y20 at Y2,190. Profit-taking depressed the motor sector, which was previ-

In Osaka, the OSE average rose 5.73 to 21,957.94 in volume

#### Roundup

Regional markets took divergent paths.
TAIWAN plunged 3.4 per

cent on stop-loss selling trig-gered by the market's failure to rally on Monday, the first day of trade after the central bank raised the ceiling on foreign investment.

The weighted index opened lower and sank for most of the session, ending 190.91 down at 5,456.68. Turnover shrank to a

moderate T\$55.45bn from Monday's T\$80.75bn.

The financial sector, which had surged in recent days on speculative buying by big investors, dropped 4.3 per cent, with China Development losing T\$7.50 at T\$123.

KUALA LUMPUR staged a strong rebound in the after. noon to close higher, helped hy gains in overseas markets and news that the British High Commission in Kuala Lumpur had denied reports that London was contemplating retaliatory action against Malaysia's

The composite index was finally 10.58 up ot 1,056.30 after setting a low for the day of 1.035.62 in the morning. Petronas Dagangan made Its

debut, the shares rising to a

high of M\$7.95 before closing at M\$6,95, compared with the M\$2.80 offer price.

SINGAPORE recouped some losses on late hargain hunting after a slight recovery in Malaysian shares traded over the counter. The Straits Times Industrial index ended 3.56 lower at 2,240,18 hut after a

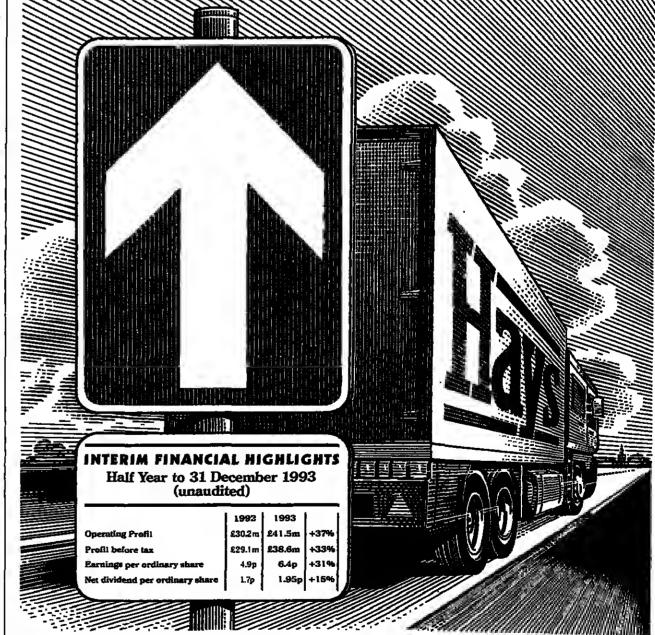
day's low of 2,221,96. HONG KONG finished sharply higher, aided by bargain hunting, but trading was thin as sentiment remained cautious. The Hang Seng index was finally 233.03 ahead at 10,294.58, having Jumped more than 270 points in early trade after an overnight rally of Hong Kong stocks in London.

AUSTRALIA strengthened as 556m shares were traded, with the All Ordinaries index finishing 27.0 ahead at 2,171.7. NEW ZEALAND took its lead from Wall Street and the NZSR-40 capital index ended 30.75, or 1.4 per cent, up at 2.226.08. But turnover of NZ\$39m was only about half the level seen earlier in the

MANILA turned back after a firm opening as weakness in Benpres sparked other stock sell-offs. The composite index shed 17.25 to 2,637.03. Benpres lost 90 centavos at 9.70 pesos. SEOUL slipped lower, the

composite index declining 10.77 to 884.85. Shares made a slight recovery on a bout of selective buying of blue chips and issues with low price-earnings ratios towards the close, after dropping more than 14 points in the

European's movement and



# ENCOURAGING SIGNS

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national and regional markets			MOI	NDAY MA	RCH 7 1	994				FRIDAY	MARCH	4 1984		PC	LLAR IN	DEX
Figures in parentheses	US	Day's	Pound			Local	Local	Gross	US	Pound			Local			Year
show number of lines	Dolla-	Change	Sterling	Yen	ОМ	Currency	% chg	Div.	Dollar	Sterling	Yen	DM	Currency	1993/94	1993/94	ago
of stock	Index	76	Index	Index	Index	Index	on day	Yield	Index	Index	hdex	Index	Index	High	Low	(abbrox)
Australia (69)	174.60	2.2	173.67	116.83	155.99	161,44	1.5	3.30	170.82	189.95	113.94	152.73	159.07	189.15	130.19	134.13
Austria (17)		0.7	185.60	124.66	166.71	186.58	0.7	0.93	185.34	184.39	123.62	165.71		195.41	139.63	
Belgkun (42)		1.2	165.59	111.39	148.73	145.13	1.1	3.93	184.44	163.58	109.68	147.02		198.08	141.66	
Canada (107)	135.83	0.8	135.10	90.88	121.34	133.65	8.0	2.52	134.62	133,92	89.79	120.36	132.47	145.31	121.46	
Denmark (32)	269.07	2.0	267.62	180.03	240.38	245.28	1.8	0.94	263.71	262.35	175.89	235.76	241.04	275.79	195.66	
Finland (22)		2.6	152.05	102.29	136.57	177.70	21	0.67	149.00	148.23	99.38	133.21	173.98	199.72	70.02	
France (99)		1.9	176.01	118.40	158.09	162.01	1.7	2.87	173.75	172.86	115.89	155.35	159.32	185.37	149.80	155.4
3ermany (59)		2.1	131.54	88.49	116.14	118.14	2.0	1.60	129.49	128.83	86.37	115.78		142.38	107.59	111.49
Hong Kong (56)		1.6	407.87	274.38	366.35	406.87	1.6	2.58	403.60	401.63	269.20	380.88	400.42	506.56	233.84	262.00
reland (14)		0.4	185.08	126.52	168.94	186.47	0.5	S.18	188.26	167.30	125.57	188.33	185.51	209.33	137.61	137.6
taly (69)		24	74.46	50.09	65.88	94,43	24	1.78	73.13	72.75	48.78	65.35	82.22	76.63	55.21	63.66
Japen (469)		-1.2	151.48	101.60	138.06	101.90	-Q.B	0.76	154,17	153.38	102.83	137.84	102.83	165.81	107,98	107.9
Valaysia (63)		-1.8	489.27	329,14	439.47	S15.63	-1.9	1.44	500.98	498.40	334.14	447.92		621.63	274.40	277.7
Aexico (18)		0.3	2257.07	1618.35	2027.31	8033.83	0.3	0.63	2261.31	2249.67	1508.23	2021.76	8010.58	2647.08	1431.17	1506.12
Vetherland (26)		2.1	200.16	134.67	179.61	177.14	2.0	3.08	197.16	196,16	131,60	176,28	173.67	207.43	161.44	161.44
Vew Zealand (14)		-0.2	68.23	45.90	61.26	63.06	-1.0	3.68	68.72	68.37	45.83	81.44	63.70	77.59	45.34	45.34
vorway (23)		0.7	198.35	133.43	178.16	201,14	0.5	1.59	197.97	196.95	132.04	177.00	200.23	206.42	140.61	140.61
ingapore (45)		0.7	332.27	223.52	298.45	243.98	07	1.65	331.86	330.15	221.34	296.71	242.32	378.92	213.57	222.73
South Africa (60)		0.9	255.23	171.70	229.25	260.28	1.3	213	254.26	252.96	169.59	227.33	256,89	280.26	161.99	154.6
Spain (42)		2.0	145.66	88.12	131.01	156.38	1.8	3.74	143.80	143.06	95.91	126.57	153.64	155.79	116.33	126.7
Sweden (36)	218.35	1.2	217.17	146.09	196.07	258.44	9.0	1.45	215.76	214.65	143.91	192.91	256.01	230.02	154.76	165.1
Switzerland (49)	164.90	1.6	164.02	110.34	147.32	147.08	1.8	1.53	161,97	181.13	108.03	144.81	144.76	176.56	111.01	111.0
Julted Kingdom (215)	_202.19	8.0	201.10	135.28	180.63	201.10	0.8	3.61	200.54	199.51	133.76	179.30		214.98	168.46	
JSA (518)		0.5	188.90	127,07	189.67	189.92	0.5	2.76	189.04	188.07	126.08	169.01		196.04	176.91	182.1
SUROPE (745)	170.29	1,5	169.37	113.94	152.13	163.60	1.4	2.60	167.60	166.94	111.92	150.03	161.36	170.55	400.00	400.0
Vordic (113)		1.8	211.68	142.40	190.13	218.33	1.3	1.22	209.54	208.46	139.76	167.35		176.58	138.88	
acific Basin (722)		-0.9	161.34	108.53	144.92	112.86	-0.S	1.07	163.63	162.79	109.14	148.30		220.80	145.85	
ero-Pacific (1467)		0.1	164.53	110.68	147.78	132.63	0.2	1.61	185.21	184.38	110.16			188.80	113.80	
	186.56	0.5	185.58	124.83	166.67	186.03	0.5	2.76	165.66	184.70		147.71		170.78	124,48	
Suropa Ex. UK (530)		1.6	149.01	100.24	133.84	141.35	1.6	2.79	147.02	146.28	123.83	185.99		192.73	173.70	
Pacific Ex. Japan (253)			267.15	172.99	230.98		0.8				98.06	131.44		155.73	120.02	
		1.1 0.2	168.01	111.88	149.11	238.61 135.94		2.56	255.82	254.51	170.83	228.73		296.21	164.34	172.7
Vorld Ex. US (1652)		0.2		114.28			0.2	1.82	166.64	165.78	111,14	148.99		172.51	125.68	
World Ex. UK (1955)			169.88	115.79	152,58	148.16	0.3	2.01	170.43	169.58	113.67	152.38		175.58	141.21	141.2
Vorld Ex. Sc. Al. (2110)		£.0	172.13		154.51	151.98	0.3	2.17	172.60	171,71	115.12	154.32		178,56	143.71	143.7
World Ex. Japan (1701)	100./1	0.9	185.70	124.92	166.60	182.76	8.0	2.72	185.05	184,10	123.43	165.45	1\$1.23	195.20	163.82	163.96